



Dr. Christopher Harvey, President
Emily Hill, Mayor Pro Tem, Vice President
Anne Weir, Place 2, Board Member
Maria Amezcua, Place 3, Board Member
Sonia Wallace, Place 4, Board Member
Aaron Moreno, Place 5, Board Member
Deja Hill, Place 6, Board Member

Manor Housing Public Facility Corporation

Wednesday, October 16, 2024 at 6:00 PM

Manor City Hall, Council Chambers, 105 E. Eggleston St.

AGENDA

CALL TO ORDER AND ANNOUNCE A QUORUM IS PRESENT

PUBLIC COMMENTS

Non-Agenda Item Public Comments (white card): The audience will provide comments on non-agenda-related topics for a period of time not to exceed three (3) minutes per person.

*Agenda Item Public Comments (yellow card): Comments will be taken from the audience on non-agenda and agenda items combined for a length of time, not to exceed five (5) minutes total per person on all items, except for Public Hearings. Comments on Public Hearing items must be made when the item comes before the Board and, not to exceed two (2) minutes per person. **No Action or Discussion May be Taken by the Board during Public Comments on Non-Agenda Items.***

To address the Board, please complete the white or yellow card and present it to the designated area prior to the meeting.

REGULAR AGENDA

- 1. Consideration, discussion, and possible action to approve the Manor Housing Public Facility Corporation Minutes of the September 18, 2024, meeting.**
- 2. Consideration, discussion, and possible action on a Resolution authorizing the issuance, sale and delivery of Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$60,815,000; approving the form and substance of a trust indenture, a loan agreement, a regulatory agreement and declaration of restrictive covenants, a tax exemption certificate and agreement, and a bond purchase agreement; authorizing the execution of any other documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating thereto.**

- 3.** Consideration, discussion, and possible action on a Resolution authorizing the issuance, sale and delivery of Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$4,000,000; approving the form and substance of a subordinate indenture, a subordinate loan agreement, a regulatory agreement and declaration of restrictive covenants, a tax exemption certificate and agreement, and a bond purchase agreement; authorizing the execution of any other documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating thereto.
- 4.** Consideration, discussion, and possible action to engage Chapman & Cutler LP as Co-Partnership Counsel for the Tower Road Apartments project.
- 5.** Consideration, discussion, and possible action on a Resolution of the Manor Housing Public Facility Corporation styled as “Resolution of the Ground Lessor and the Sole Member of MHPFC TRGP1 LLC and Tower Road Contractor” which will be approved in the PFC’s capacity as ground lessor, the sole member of MHPFC TRGP1 LLC, as incoming general partner of Manor Leased Housing Associates I, Limited Partnership, and sole member of Tower Road Contractor LLC, general contractor for the Tower Road Apartments, to facilitate and accomplish the construction, development, financing, operation, and maintenance of the Tower Road Apartments (the “Project”), authorizing the acceptance of real property, the ground leasing of the same property, obtaining financing , including with an equity financing, senior and subordinate bond financing, construction and permanent loan financing, bridge loan financing, the approval of construction contracts, the execution of a partnership resolution, providing for general partner authorization, ground lessor authorization, and general contractor authorization to undertake actions in furtherance of the Project and ratification of any prior related actions taken in furtherance of the Project.
- 6.** Consideration, discussion, and possible action to authorize the creation of Tower Road Contractor LLC and approve an Operating Agreement of Tower Road Contractor LLC.

ADJOURNMENT

In addition to any executive session already listed above, the City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Section §551.071 (Consultation with Attorney), §551.072 (Deliberations regarding Real Property), §551.073 (Deliberations regarding Gifts and Donations), §551.074 (Personnel Matters), §551.076 (Deliberations regarding Security Devices) and §551.087 (Deliberations regarding Economic Development Negotiations).

CONFLICT OF INTEREST

In accordance with Section 12.04 (Conflict of Interest) of the City Charter, “No elected or appointed officer or employee of the city shall participate in the deliberation or decision on any issue, subject or matter before the council or any board or commission, if the officer or employee has a personal financial or property interest, direct or indirect, in the issue, subject or matter that is different from that of the public at large. An interest arising from job duties, compensation or benefits payable by the city shall not constitute a personal financial interest.”

Further, in accordance with Chapter 171, Texas Local Government Code (Chapter 171), no City Council member and no City officer may vote or participate in discussion of a matter involving a business entity or real property in which the City Council member or City officer has a substantial interest (as defined by Chapter 171) and action on the matter will have a special economic effect on the business entity or real property that is distinguishable from the effect on the general public. An affidavit disclosing the conflict of interest must be filled out and filed with the City Secretary before the matter is discussed.

POSTING CERTIFICATION

I, the undersigned authority do hereby certify that this Notice of Meeting was posted on the bulletin board, at the City Hall of the City of Manor, Texas, a place convenient and readily accessible to the general public at all times and said Notice was posted on the following date and time: Friday, October 11, 2024, by 5:00 PM and remained so posted continuously for at least 72 hours preceding the scheduled time of said meeting.

/s/ Lluvia T. Almaraz, TRMC
City Secretary for the City of Manor, Texas

NOTICE OF ASSISTANCE AT PUBLIC MEETINGS:

The City of Manor is committed to compliance with the Americans with Disabilities Act. Manor City Hall and the Council Chambers are wheelchair accessible and accessible parking spaces are available. Requests for accommodations or interpretive services must be made 10 days prior to this meeting. Please contact the City Secretary at 512.215.8285 or e-mail lalmaraz@manortx.gov

AGENDA ITEM NO. _____



AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Lluvia T. Almaraz, Board Secretary
DEPARTMENT: Administration

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to approve the Manor Housing Public Facility Corporation Minutes of the September 18, 2024, meeting.

BACKGROUND/SUMMARY:

LEGAL REVIEW: Not Applicable
FISCAL IMPACT: No
PRESENTATION: No
ATTACHMENTS: Yes

- September 18, 2024, MPFC Meeting Minutes

STAFF RECOMMENDATION:

Staff recommends that the PFC Board approve the Manor Housing Public Facility Corporation Minutes of the September 18, 2024, meeting.



**MANOR HOUSING PUBLIC FACILITY CORPORATION
REGULAR SESSION MINUTES
SEPTEMBER 18, 2024**

PRESENT:

Dr. Christopher Harvey, President

COUNCIL MEMBERS:

Emily Hill, Mayor Pro Tem, Vice-President (Absent)
 Anne Weir, Board Member
 Maria Amezcua, Board Member (Arrive at 6:16 p.m.)
 Sonia Wallace, Board Member
 Aaron Moreno, Board Member
 Deja Hill, Board Member

CITY STAFF:

Scott Moore, City Manager
 Lluvia T. Almaraz, City Secretary
 Phil Green, IT Director
 Gregory Miller, Bond Counsel

REGULAR SESSION – 6:00 P.M.

With a quorum of the Board Members present, the regular session of the Manor Housing Public Facility Corporation was called to order by Board President Harvey at 6:04 p.m. on Wednesday, September 18, 2024, in the Council Chambers of the Manor City Hall, 105 E. Eggleston St., Manor, Texas.

PUBLIC COMMENTS

No one appeared at this time.

REGULAR AGENDA

1. Consideration, discussion, and possible action to approve the Manor Housing Public Facility Corporation Minutes of the August 7, 2024, meeting.

MOTION: Upon a motion made by Board Member Moreno and seconded by Board Member Weir to approve the Manor Housing Public Facility Corporation Minutes of the August 7, 2024, meeting.

There was no further discussion.

Motion to approve carried 5-0

2. Consideration, discussion, and possible action to authorize the negotiation and execution of a Memorandum of Understanding with the developer of the Tower Roads Apartments project.

Gregory Miller, Bond Counsel, discussed the proposed Memorandum of Understanding.

Megan Ramos, Financial Advisor with Hilltop Top Securities, discussed the proposed agreement with MHPFC and Manor Leased Housing Development I, LLC.

A discussion was held regarding Fees, Lease Payments, and Expenses.

A discussion was held regarding the agreement terms.

A discussion was held regarding a summary fee schedule to be provided to the board for the proposed development.

A discussion was held regarding the development fees.

(Board member Amezcua arrived and took her place on the dais.)

MOTION: Upon a motion made by Board Member Wallace and seconded by Board Member Weir to approve and authorize General Manager to negotiate and execute a memorandum of understanding in substantially the same form as the memorandum of understanding provided to the Board that is by and between the MHPFC, or one of its affiliates, and the developer of the Tower Road Apartments, or one of its affiliates, and which pertains to the financing and development of the Tower Road Apartments project.

There was no further discussion.

Motion to approve carried 6-0

3. Consideration, discussion, and possible action to authorize the General Manager to execute various documents as needed to complete lender due diligence in connection with the Tower Road Apartments Project.

Gregory Miller, Bond Counsel, discussed the proposed documents in connection with the Tower Road Apartments Project.

A discussion was held regarding clarifying the clearance documents for MPFC only, not members or staff.

A discussion was held regarding documents to be placed as backup for the item.

A discussion was held regarding the timeline of the development.

MOTION: Upon a motion made by Board Member Wallace and seconded by Board Member Amezcua to approve and authorize the General Manager to execute various documents as needed to complete lender due diligence in connection with the Tower Road Apartments Project.

There was no further discussion.

Motion to approve carried 6-0

ADJOURNMENT

The Regular Session of the Manor Housing Public Facility Corporation was Adjourned at 6:27 p.m. on Wednesday, September 18, 2024.

The Manor Housing Public Facility Corporation approved these minutes on the 16th day of October 2024.

APPROVED:

Dr. Christopher Harvey
PFC Board President

ATTEST:

Lluvia T. Almaraz,
PFC Board Secretary



**PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM**

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Resolution authorizing the issuance, sale and delivery of Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$60,815,000; approving the form and substance of a trust indenture, a loan agreement, a regulatory agreement and declaration of restrictive covenants, a tax exemption certificate and agreement, and a bond purchase agreement; authorizing the execution of any other documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating thereto.

BACKGROUND/SUMMARY:

This item is for the MHPFC’s authorization of the issuance of Senior Bonds to finance the Tower Road Apartments, and the negotiation and execution of all documents, certifications, agreements, contracts, and security instruments necessary to facilitate the sale of the bonds. This item is for the Senior Bonds and is followed by and related to an item authorizing the project’s subordinate bonds. The City Council, at its October 16th meeting, will consider an item to ratify and authorize the PFC’s authorization of the issuance of the Senior Bonds.

The PFC is serving primarily two functions in this project which will provide 324 units of affordable housing for low-income residents of the City: issuer of bonds for the financing, and lender, landlord and contractor. This resolution primarily relates to the PFC’s issuance of bonds. It should be noted that because the PFC is serving as landlord and contractor, the project is exempt from ad valorem tax and sales tax for the construction of the project. The PFC will be serving as the landlord, and as the general contractor through its wholly-owned LLC, MHPFC TR GP 1 LLC, and its wholly-owned LLC, Tower Road Contractor LLC. The ownership, financing, development, and construction of the project is structured to protect and indemnify the PFC, the City, and its officials and employees from liability for matters arising in connection with the project.

For the bonds and the project to be tax-exempt, the City Council must authorize the PFC to issue the bonds. The City Council will take up this matter at the Council meeting following this meeting of the PFC.

LEGAL REVIEW: Yes, Gregory Miller, Bond Counsel

FISCAL IMPACT: No. The bonds will be special obligations of the PFC payable from the revenues of the project. Neither the PFC nor the City will be responsible for payment. The PFC will be compensated in the approximate amounts shown on the table attached with this summary.

PRESENTATION: Yes

ATTACHMENTS: Yes

- Resolution 2024-MHPFC04

PROPOSED MOTION: Move to approve Resolution 2024-MHPFC04 authorizing the issuance, sale and delivery of Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$60,815,000; approving the form and substance of a trust indenture, a loan agreement, a regulatory agreement and declaration of restrictive covenants, a tax exemption certificate and agreement, and a bond purchase agreement; authorizing the execution of any other documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating thereto.

STAFF RECOMMENDATION: Staff recommends approval

RESOLUTION NO. 2024-MHPFC04

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF MULTIFAMILY HOUSING REVENUE BONDS (TOWER ROAD APARTMENTS), SERIES 2024 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$60,815,000; APPROVING THE FORM AND SUBSTANCE OF A TRUST INDENTURE, A LOAN AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A TAX EXEMPTION CERTIFICATE AND AGREEMENT AND A BOND PURCHASE AGREEMENT; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, Manor Housing Public Facility Corporation (the “Corporation”) has been duly incorporated and organized pursuant to and in accordance with the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “Act”) by the City of Manor, Texas (the “Sponsor”) to finance or provide for the acquisition, construction, , equipping, furnishing, and placement in service of public facilities, including qualified residential rental projects, in an orderly, planned manner and at the lowest possible borrowing costs; and

WHEREAS, pursuant to the Act a “public facility” includes a qualified residential rental project; and

WHEREAS, the Act authorizes the Corporation to: (a) issue bonds (which are defined in the Act to include notes, interim certificates or other evidences of indebtedness) to finance, refinance or provide public facilities on behalf of the Sponsor; (b) loan the proceeds of the obligations to other entities to accomplish the purposes of the Sponsor; (c) use the proceeds of its bonds to maintain reserve funds determined by the Sponsor and the Corporation to be necessary and appropriate; (d) pay any costs relating to the issuance or incurrence of bonds by the Corporation; and (e) accept a mortgage or pledge of a public facility financed by the Corporation and, as security for the payment of any connected bonds or credit agreements that the Corporation issues or incurs, assign the mortgage or pledge and the revenue and receipts from the mortgage or pledge or grant other security; and

WHEREAS, the Board of Directors of the Corporation (the “Board”) has determined to issue, sell and deliver its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$60,815,000 (the “Bonds”) pursuant to a Trust Indenture (the “Indenture”), between the Corporation and BOKF, NA as trustee (the “Trustee”), to provide for the financing by Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “Borrower”), of the acquisition, construction and equipping of a multifamily residential rental development known as Tower Road Apartments located in the City of Manor, Travis County, Texas (the “Development”) and the payment of

certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Corporation desires to authorize the Trustee to invest and reinvest the proceeds of the Bonds and all other funds received and held under the Indenture; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 (the “Code”) requires that the Bonds be approved by the “applicable elected representatives” (the “AERs”) after a public hearing following reasonable public notice; and

WHEREAS, the appropriate AER is the Mayor of the City of Manor, Texas; and

WHEREAS, notice of a public hearing with respect to the Bonds and the Development held by the Corporation on September 5, 2024, was published no less than 7 days before such date in at least one newspaper of general circulation available to residents of the City of Manor, Texas and was posted no less than 7 days before such date on the City’s website, which is available to residents of the City of Manor; and

WHEREAS, a hearing officer designated by the Board held such public hearing on the date and at the time and place set out in such published notice, and conducted such hearing in a manner that provided a reasonable opportunity for persons with differing views on the issuance of the Bonds and the Development to be heard; and

WHEREAS, in order to assist in financing the Development, the Board has determined that the Corporation shall enter into a Loan Agreement (the “Loan Agreement”), between the Corporation and the Borrower, pursuant to which the Borrower will receive funds to finance the cost of acquisition, construction and equipping of the Development and the payment of certain costs of issuance of the Bonds in order to construct the Development as a residential development for citizens of low and moderate income and assist such persons in the City of Manor, Texas, in obtaining decent, safe and sanitary housing at affordable prices; and

WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), the Board has determined that the Corporation shall enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), and a Tax Exemption Certificate and Agreement dated as of the date of the issuance of the Bonds (the “Tax Agreement”), setting forth certain terms and conditions governing the use of the proceeds of the Bonds; and

WHEREAS, the Board desires to sell the Bonds pursuant to the terms of a Bond Purchase Agreement dated the date of its execution and delivery (the “Purchase Agreement”), among the Corporation, the Borrower and Stifel, Nicolaus & Company, Incorporated (the “Underwriter”); and

WHEREAS, the Corporation understands that Borrower will distribute an Official Statement (the “Official Statement”) to the Underwriter in connection with the offering and sale of the Bonds; and

WHEREAS, in connection with the preparation of such Official Statement, the Corporation has furnished the information set forth under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer,” and the Board now desires to authorize the use of such information in such Official Statement (the “Issuer Portion of the OS”); and

WHEREAS, the Corporation has examined proposed forms of the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Agreement and the Purchase Agreement, each of which are presented with and constitute a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper; and has determined to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to further carry out the purposes of the Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Bonds and the Development was held on September 5, 2024 and was published no less than 7 days before such date in at least one newspaper of general circulation available to residents of the City of Manor, Texas and was posted no less than 7 days before such date on the City’s website, which is available to residents of the City of Manor, Texas. Such notices included the date, time and place of such public hearing, the location, general nature and the initial owner, operator or manager of the Development and the maximum aggregate principal amount of the Bonds; that all comments from interested persons were taken at such public hearings and were provided to the AER; and that the AER approved the Bonds for purposes of Section 147(f) of the Code.

Section 2. Issuance, Execution and Delivery of the Bonds. The issuance of the Bonds is hereby authorized, according to the terms of and in accordance with the Indenture; the Bonds shall contain a statement that it is being issued under the Act, as set forth in the Indenture; and upon execution and delivery of the Indenture, the officers of the Corporation are each hereby authorized to execute and attest to the Bonds and to deliver the Bonds as provided in the Indenture. The Trustee is authorized to invest the moneys held under the Indenture as provided therein.

Section 3. Approval, Execution and Delivery of the Indenture. The form and substance of the Indenture are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Indenture and to deliver the Indenture to the Trustee.

Section 4. Approval, Execution and Delivery of the Loan Agreement. The form and substance of the Loan Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Loan Agreement and to deliver the Loan Agreement to the Borrower.

Section 5. Approval, Execution and Delivery of the Regulatory Agreement. The form and substance of the Regulatory Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Regulatory Agreement and to deliver the Regulatory Agreement to the respective parties thereto.

Section 6. Approval, Execution and Delivery of the Tax Agreement. The form and substance of the Tax Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Tax Agreement and to deliver the Tax Agreement to the respective parties thereto.

Section 7. Approval, Execution and Delivery of the Purchase Agreement. The form and substance of the Purchase Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Purchase Agreement and to deliver the Purchase Agreement to the parties thereto.

Section 8. Payment of Certain Fees and Expenses. The Borrower shall pay all of the Corporation's costs and expenses with respect to the Bonds, including but not limited to, the fee to be paid to the Corporation on the closing date for the Bonds, all fees and expenses of Bond Counsel and all fees and expenses of issuer's counsel to the Corporation.

Section 9. Approval of the Official Statement. The Board hereby authorizes the use and distribution of the Official Statement; provided, that in adopting the Official Statement, the Corporation hereby disclaims any responsibility for the Official Statement except for the Issuer Portion of the OS and expressly disclaims any responsibility for any other information included as part of the Official Statement.

Section 10. Execution and Delivery of Other Documents. The officers of the Corporation are each hereby authorized to execute and attest to such other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 11. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers of the Corporation are each hereby authorized to make or approve such revisions in the form of the documents approved hereby as, in the opinion of Bond Counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; approval of such changes by the Corporation shall be indicated by such officer's execution of the documents.

Section 12. Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Bonds to assist in the financing of the Development will promote the public purposes set forth in Section 303.002 of the Act and will accomplish a valid public purpose of the Corporation by assisting citizens of low and moderate income in the City of Manor, Texas to obtain decent, safe and sanitary housing at affordable prices.

Section 13. Limited Obligations. The Bonds and the interest thereon shall be limited obligations of the Corporation payable solely from the revenues, funds and assets pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Corporation.

Section 14. Obligations of Corporation Only. The Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or a pledge or loan of the faith or credit

or taxing power, within the meaning of any constitutional or statutory provision whatsoever, of the United States of America or any agency or instrumentality thereof, the State of Texas or any other political subdivision or governmental unit thereof.

Section 15. Information Return for Tax-Exempt Private Activity Bonds. The Board further directs that an officer of the Corporation submit to the Secretary of the United States Department of Treasury, not later than the 15th day of the second calendar month after close of the calendar quarter in which the Bonds is issued, a statement with respect to the Bonds containing the information required by Section 149(e) of the Code.

Section 16. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 17. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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DRAFT

PASSED AND APPROVED on the 16th day of October 2024.

Dr. Christopher Harvey
President, Board of Directors

ATTEST:

Lluvia T. Almaraz
Secretary, Board of Directors

DRAFT

Trust Indenture

between

Manor Housing Public Facility Corporation,
as Issuer

and

BOKF, NA,
as Trustee

Relating to

\$60,815,000
Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024

Dated as of October 1, 2024

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Exhibit A — Form of Bond

Trust Indenture

This Trust Indenture dated as of October 1, 2024 (this “*Indenture*”), is made between the Manor Housing Public Facility Corporation (the “*Issuer*”), a public facility corporation organized and existing under the laws of the State of Texas, and BOKF, NA, a national banking association, as trustee (the “*Trustee*”), under the circumstances summarized in the following recitals (the capitalized terms used in the recitals and granting clauses and not defined therein are as defined in Article I hereof):

WHEREAS, the Issuer has been duly incorporated and organized pursuant to and in accordance with the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”) by the City of Manor, Texas (the “*Sponsor*”), a Texas Home Rule Municipality, to finance or provide for the acquisition, construction, equipping, furnishing, and placement in service of public facilities, including qualified residential rental projects, in an orderly, planned manner and at the lowest possible borrowing costs; and

WHEREAS, pursuant to the Act, a “public facility” includes a qualified residential rental project; and

WHEREAS, the Act authorizes the Issuer to (a) issue bonds (which are defined in the Act to include notes, interim certificates or other evidences of indebtedness) to finance, refinance or provide public facilities on behalf of the Sponsor; (b) loan the proceeds of the obligations to other entities to accomplish the purposes of the Sponsor; (c) use the proceeds of its bonds to maintain reserve funds determined by the Sponsor and the Issuer to be necessary and appropriate; (d) pay any costs relating to the issuance or incurrence of bonds by the Issuer; and (e) accept a mortgage or pledge of a public facility financed by the Issuer and, as security for the payment of any connected bonds or credit agreements that the Issuer issues or incurs, assign the mortgage or pledge and the revenue and receipts from the mortgage or pledge or grant other security; and

WHEREAS, pursuant to and in accordance with the laws of the State, including without limitation, the Act, the Issuer has determined to issue and sell the Bonds in the aggregate principal amount of \$60,815,000 and to use the proceeds to be derived from the sale thereof to make the Loan to the Borrower pursuant to the Loan Agreement to assist in the financing of the Project to be undertaken by the Borrower; and

WHEREAS, to evidence its obligation to repay the Loan, the Borrower will execute and deliver the Note; and

WHEREAS, the Bonds will be secured by this Indenture, and the Issuer is authorized to execute and deliver this Indenture and to do or cause to be done all acts provided or required herein to be performed on its part; and

WHEREAS, all acts and conditions required to happen, exist and be performed precedent to and in the issuance of the Bonds and the execution and delivery of this Indenture have happened, exist and have been performed, or at the delivery of the Bonds will exist, will have happened and will have been performed (i) to make the Bonds, when issued, delivered and authenticated, valid

obligations of the Issuer in accordance with the terms thereof and hereof and (ii) to make this Indenture a valid, binding and legal trust agreement for the security of the Bonds in accordance with its terms; and

WHEREAS, the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise (“*Freddie Mac*”) has entered into a commitment with JLL Real Estate Capital, LLC, a Delaware limited liability company (the “*Freddie Mac Seller/Servicer*”) dated October __, 2024 (the “*Freddie Mac Commitment*”) whereby Freddie Mac has committed, subject to the satisfaction on or before the Initial Mandatory Tender Date (as can be extended pursuant to the terms hereof) of the Conditions to Conversion set forth in the Construction Phase Financing Agreement among the Lender, the Freddie Mac Seller/Servicer and Freddie Mac (the “*Construction Phase Financing Agreement*”) and the Freddie Mac Commitment, to facilitate the refunding of the Bonds by purchasing a note evidencing a tax-exempt loan (the “*Funding Loan*”) made by the Freddie Mac Seller/Servicer to the Issuer;

WHEREAS, in the event the Conditions to Conversion set forth in the Construction Phase Financing Agreement and certain other material conditions are met, the Freddie Mac Seller/Servicer will, if issued, purchase the note evidencing the Funding Loan from the Issuer, the proceeds of which will be loaned to the Borrower pursuant to the terms of a commitment between the Freddie Mac Seller/Servicer and the Borrower; and

WHEREAS, the Trustee has accepted the trusts created by this Indenture, and in evidence thereof has joined in the execution hereof;

NOW, THEREFORE, THIS INDENTURE WITNESSETH, that to secure the payment of Bond Service Charges on the Bonds according to their true intent and meaning, to secure the performance and observance of all of the covenants, agreements, obligations and conditions contained therein and herein, and to declare the terms and conditions upon and subject to which the Bonds are and are intended to be issued, held, secured and enforced, and in consideration of the premises and the acceptance by the Trustee of the trusts created herein and of the purchase and acceptance of the Bonds by the Holders, and for other good and valuable consideration, the receipt of which is acknowledged, the Issuer has executed and delivered this Indenture and absolutely assigns hereby to the Trustee, and to its successors in trust, and its and their assigns, all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments, Collateral Payments and other amounts receivable by or on behalf of the Issuer under the Loan Agreement in respect of repayment of the Loan other than amounts received by the Issuer with respect to Reserved Rights, (ii) the Special Funds, including all accounts in those Funds and all money deposited therein and the investment earnings on such money, (iii) the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds is invested, and (except for money required to be rebated to the United States of America under the Code) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of this Indenture,

(iv) the Note and (v) the Loan Agreement, except for the Reserved Rights (the foregoing collectively referred to as the “Trust Estate”),

To Have and To Hold unto the Trustee and its successors in that trust and its and their assigns forever;

But in Trust, Nevertheless, and subject to the provisions hereof,

(a) except as provided otherwise herein, for the equal and proportionate benefit, security and protection of all present and future Holders of the Bonds issued or to be issued under and secured by this Indenture,

(b) for the enforcement of the payment of the Bond Service Charges, when payable, according to the true intent and meaning thereof and of this Indenture, and

(c) to secure the performance and observance of and compliance with the covenants, agreements, obligations, terms and conditions of this Indenture,

in each case, without preference, priority or distinction, as to lien or otherwise, of any one Bond over any other by reason of designation, number, date of the Bonds or of authorization, issuance, sale, execution, authentication, delivery or maturity thereof, or otherwise, so that each Bond and all Bonds shall have the same right, lien and privilege under this Indenture and shall be secured equally and ratably hereby, it being intended that the lien and security of this Indenture shall take effect from the date hereof, without regard to the date of the actual issue, sale or disposition of the Bonds, as though upon that date all of the Bonds were actually issued, sold and delivered to purchasers for value; *provided, however*, that

(i) if the principal of the Bonds and the interest due or to become due thereon shall be well and truly paid, at the times and in the manner to which reference is made in the Bonds, according to the true intent and meaning thereof, or the outstanding Bonds shall have been paid and discharged in accordance with Article VIII hereof, and

(ii) if all of the covenants, agreements, obligations, terms and conditions of the Issuer under this Indenture shall have been kept, performed and observed and there shall have been paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof,

this Indenture and the rights assigned hereby shall cease, determine and be void, except as provided in Section 8.03 hereof with respect to the survival of certain provisions hereof; otherwise, this Indenture shall be and remain in full force and effect.

It is declared that all Bonds issued hereunder and secured hereby are to be issued, authenticated and delivered, and that the Trust Estate assigned hereby is to be dealt with and disposed of under, upon and subject to, the terms, conditions, stipulations, covenants, agreements, obligations, trusts, uses and purposes provided in this Indenture. The Issuer has agreed and covenanted, and agrees and covenants with the Trustee and with each and all Holders, as follows:

Article I

Definitions

Section 1.01. Definitions. In addition to the words and terms defined elsewhere in this Indenture or by reference to the Loan Agreement, unless the context or use clearly indicates another meaning or intent:

“*Act*” means the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended.

“*Act of Bankruptcy*” means written notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) has been instituted by or against the Borrower; *provided* that, if in the case of an involuntary proceeding, such proceeding is not dismissed within ninety (90) days after commencement thereof.

“*Additional Payments*” means the amounts required to be paid by the Borrower pursuant to the provisions of Section 4.4 of the Loan Agreement.

“*Administrative Expenses*” means the Ordinary Trustee Fees and Expenses and the Dissemination Agent Fee.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

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

“*Authorized Denomination*” means \$5,000, or any integral multiple of \$1,000 in excess thereof.

“*Authorized Official*” means the President or Secretary of the Issuer and any other officer or employee of the Issuer designated by certificate of any of the foregoing as authorized by the Issuer to perform a specified act, sign a specified document or otherwise take action with respect to the Bonds. The Trustee may conclusively presume that a person designated in a written certificate filed with it as an Authorized Official is an Authorized Official until such time as such provider files with it a written certificate identifying a different person or persons to act in such capacity.

“*Bankruptcy Code*” means Title 11 of the United States Code entitled “Bankruptcy,” as in effect now and in the future, or any successor statute.

“*Beneficial Owner*” means with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“*Beneficial Ownership Interest*” means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

“*Bond Counsel*” means Bickerstaff Heath Delgado Acosta LLP or other counsel selected by the Issuer and 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.

“*Bond Documents*” means, collectively, the Indenture, the Loan Agreement, the Note, the Tax Regulatory Agreement, the Tax Exemption Agreement and the Project Certificate.

“*Bond Fund*” means the Bond Fund created in Section 4.01 hereof.

“*Bond Payment Date*” means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, whether at maturity, Mandatory Tender, upon redemption or acceleration or otherwise.

“*Bond Purchase Agreement*” means the Purchase Contract, dated October 18, 2024, among the Underwriter, the Issuer and the Borrower.

“*Bond Resolution*” means the certain resolution relating to the issuance and sale of the Bonds, adopted by the Governing Body on October 16, 2024.

“*Bond Service Charges*” means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity, Mandatory Tender or upon redemption or acceleration.

“*Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 authorized in the Bond Resolution and Section 2.01 hereof in an aggregate principal amount of \$60,815,000.

“*Book-Entry Form*” or “*Book-Entry System*” means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (b) the ownership of book-entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book-entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book-entry interests in those Bonds and Bond Service Charges thereon.

“*Borrower*” means Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership, and its authorized successors and assigns.

“*Borrower Documents*” means the Financing Documents to which the Borrower is a party.

“*Business Day*” means a day other than a Saturday or a Sunday or any other day on which (a) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee is located is authorized or obligated by law or executive order to be closed, or (b) the New York Stock Exchange is closed.

“*Cash Flow Projection*” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges and the Administrative Expenses, the Issuer’s Administrative Fee and the Rebate Analyst’s Fee, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds; (ii) a proposed remarketing of the Bonds, as provided in Section 3.07 hereof; (iii) a release of Eligible Funds from the Negative Arbitrage Account as provided in Section 4.03 hereof; (iv) the purchase, sale or exchange of Eligible Investments as provided in Section 4.10 hereof; and (v) the optional redemption of the Bonds as provided in Section 3.01(a) hereof, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity or at a price below par.

[“*Class B Limited Partner*” means Manor Leased Housing Associates LP I, LLC.]

“*Closing Date*” means October 29, 2024.

“*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).

“*Collateral Fund*” means the Collateral Fund created in Section 4.01 hereof.

“*Collateral Payments*” means Eligible Funds paid to the Trustee for the benefit of the Borrower in respect to the repayment of the Loan for deposit into the Collateral Fund pursuant to Section 4.2 of the Loan Agreement and Section 4.06 hereof as a prerequisite to the advance of money in the Project Fund.

“*Completion Certificate*” means the certificate attached as Exhibit C to the Loan Agreement.

“*Completion Date*” means the date of completion of the Project evidenced in accordance with the requirements of Section 3.9 of the Loan Agreement.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement dated as of October 1, 2024, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

“*Controlling Holders*” means in the case of consent or direction to be given hereunder, the Holders of the majority in aggregate principal amount of the outstanding Bonds.

“*Costs of Issuance*” means costs to the extent incurred in connection with, and allocable to, the issuance of the Bonds within the meaning of Section 147(g) of the Code. For example, 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 in Section 4.01 hereof.

“*Depository*” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book-entry interests in Bonds and to effect transfers of book-entry interests in Bonds.

“*Designated Office*” means the office of the Trustee at the Notice Address set forth in this Indenture or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee at 1707 Grand Boulevard,

Kansas City, Missouri 64108, or at such other address as may be specified in writing by the Trustee, as provided in Section 11.03 hereof.

“*Disbursement Agreement*” means the Loan Disbursement Agreement dated as of October 1, 2024, among the Lender, the Trustee, and the Borrower, as amended, supplemented or restated from time to time, relating to the funding of Mortgage Loan advances with the proceeds of the Bonds in exchange for Collateral Payments and the advance of other amounts as set forth therein.

“*Dissemination Agent*” means BOKF, NA, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“*Dissemination Agent Fee*” means the fee payable to the Dissemination Agent as compensation for its services and the reimbursement to the Dissemination Agent of its expenses in performing its obligations under the Continuing Disclosure Agreement; *provided, however*, the amount of the Dissemination Agent Fee payable under this Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to Section 4.4 of the Loan Agreement. Initially the Dissemination Agent Fee shall be \$[] annually payable in advance of the Closing Date and each March 1 thereafter.

“*DTC*” means The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

“*DTC Participant*” means any participant contracting with DTC under its Book-Entry System and includes securities brokers and dealers, banks and trust companies and clearing corporations.

“*Eligible Funds*” means, as of any date of determination, any of:

- (a) the proceeds of the Bonds (including any additional amount paid by the Underwriter to the Trustee as the purchase price of the Bonds or otherwise paid upon conversion or optional redemption);
- (b) money received by the Trustee representing advances to the Borrower of proceeds of the Mortgage Loan and proceeds of the Funding Loan;
- (c) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent to the Trustee as the remarketing price of the Bonds) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);
- (d) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay

provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(e) the proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, *provided* that no Act of Bankruptcy has occurred during such period;

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

“*Eligible Investments*” means any of the following investments that mature (or are redeemable at the option of the Borrower without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(i) Government Obligations; and

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

Eligible Investments shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment, and (ii) the Maturity Date (except obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time), and (2) any investment that may be prepaid or called at a price less than its purchase price prior to stated maturity.

“*Event of Default*” means (a) with respect to this Indenture, any of the events described as an Event of Default in Section 6.01 hereof and (b) with respect to the Loan Agreement, any of the events described as an Event of Default in Section 7.1 of the Loan Agreement.

“*Expense Fund*” means the Expense Fund created in Section 4.01 hereof.

“*Extraordinary Issuer Fees and Expenses*” means the fees, expenses and disbursements payable to the Issuer under this Indenture or any other Financing Document for Extraordinary

Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to Section 4.4 of the Loan Agreement.

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

“Extraordinary Trustee Fees and Expenses” means the expenses and disbursements payable to the Trustee under this Indenture for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Trustee and the Trustee’s counsel which are to be paid by the Borrower pursuant to Section 4.4 of the Loan Agreement.

“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 Opinion of Bond Counsel to the effect that such action will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient(s) thereof).

“Federal Tax Status” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes (except on any Bond during any period during which it is held by a “substantial user” or “related person” to such a substantial user within the meaning of Section 147(a) of the Code).

“Financing Documents” means this Indenture, the Bonds, the Loan Agreement, the Note, the Disbursement Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement, the Project Certificate, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the Mortgage Loan Documents and any secondary financing documents, and any documents relating to low income housing tax credit equity.

“Fiscal Year” means, with respect to a Person, that period beginning on January 1 of each year and ending on December 31 of that year or such other fiscal year as shall be designated by such Person as its annual accounting period.

“Force Majeure” means any of the causes, circumstances or events described as constituting Force Majeure in Section 7.1 of the Loan Agreement.

“Freddie Mac Seller/Servicer” means JLL Real Estate Capital, LLC, a Delaware limited liability company.

“*Funding Loan*” means the tax-exempt loan, if originated, made by the Freddie Mac Seller/Service to the Issuer, in the maximum principal amount of \$[].

“*General Partner*” means MHPFC TRGP1 LLC, a Texas limited liability company, and its permitted successors and assigns.

“*Governing Body*” means the Board of Directors of the Issuer.

“*Government*” shall mean the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any department, agency or instrumentality thereof; and “*Governmental*” shall mean of, by, or pertaining to any Government.

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

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

“*Holder*” or “*Holder of a Bond*” means the Person in whose name a Bond is registered on the Register.

“*Indenture*” means this Trust Indenture, dated as of October 1, 2024, between the Issuer and the Trustee, as amended or supplemented from time to time.

“*Independent*” when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in the Borrower or any Affiliate of the Borrower and in the case of an individual is not a director, trustee, officer, partner, member or employee of the Borrower or any Affiliate of the Borrower and in the case of an entity, does not have a partner, director, trustee, officer, member or employee who is a director, trustee, partner, member, officer or employee of any partner or member of the Borrower or any Affiliate of the Borrower.

“*Initial Bond*” means the initial Bond registered by the Texas Comptroller of Public Accounts and subsequently canceled and replaced by a definitive Bond pursuant to this Indenture.

“*Initial Interest Rate*” means []%

“*Initial Mandatory Tender Date*” means November 1, 2027.

“*Interest Payment Date*” means (a) each May 1 and November 1 of each year beginning May 1, 2025, (b) each Mandatory Tender Date and (c) each Redemption Date. In the case of a payment of defaulted interest, “*Interest Payment Date*” also means the date of such payment established pursuant to Section 2.05 hereof.

“*Interest Period*” means, initially, the period from the Closing Date to and including May 1, 2025, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the day preceding the next Interest Payment Date.

“*Interest Rate*” means the Initial Interest Rate to, but not including, the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“*Interest Rate for Advances*” means the rate per annum that is two percent (2%) *plus* that interest rate announced by the Trustee or one of its Affiliates in its lending capacity as a bank as its “Prime Rate” or its “Base Rate,” but in no event to exceed the highest interest rate permitted by applicable law.

“*Issuance Fee*” means a fee equal to 0.50% of the initial aggregate principal amount of the Bonds, which is payable on the Closing Date to the Issuer from funds provided by or on behalf of the Borrower.

“*Issuer*” means the Manor Housing Public Facility Corporation, a nonprofit public facility corporation duly organized and validly existing under the laws of the State of Texas, and particularly the Act.

“*Issuer Documents*” means the Financing Documents to which the Issuer is a party.

“*Issuer Fees and Expenses*” means the Extraordinary Issuer Fees and Expenses.

“*Issuer Indemnified Persons*” means the Issuer, the Governing Body, the Sponsor, and each and all of their respective past, present and future directors, board members, governing members, trustees, officers, employees, attorneys, agents and advisers (including counsel and financial advisors).

“*Issuer’s Administrative Fee*” means the annual fee of the Issuer in an amount equal to 0.125% of the initial aggregate principal amount of the Bonds, payable in advance by the Trustee to the Issuer from the Expense Fund on each anniversary of the Closing Date, beginning [October 11], 2024, so long as the Bonds are outstanding; *provided, however*, that the Issuer’s Administrative Fee discounted to present value using a discount rate of 3.879% due on October[,], 2024 through October [,], 2041, will be paid on the Closing Date to the Issuer from funds provided by or on behalf of the Borrower. The Issuer’s Administrative Fee amount paid upon the Closing Date shall equal \$959,634.

“*Lender*” means *Associated Bank, National Association*, and its successors and assigns.

“*Limited Partner*” means RBC Community Investments, LLC, an Illinois limited liability company, and its permitted successors and assigns.

“*Loan*” means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“*Loan Agreement*” means the Loan Agreement dated as of October 1, 2024, between the Issuer and the Borrower, as amended or supplemented from time to time and assigned by the Issuer to the Trustee, except for the Reserved Rights.

“*Loan Payments*” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and Section 4.1 of the Loan Agreement.

“*Mandatory Tender*” means a tender of the Bonds required by Section 3.02 hereof.

“*Mandatory Tender Date*” means (i) the Initial Mandatory Tender Date and (ii) if the outstanding Bonds are remarketed pursuant to Article III for a Remarketing Period that does not extend to the final maturity of the Bonds, the Remarketing Date following such Remarketing Period.

“*Maturity Date*” means November 1, 2042.

“*Maximum Interest Rate*” means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate per annum permitted by applicable State law.

“*Median Family Income*” means the median gross income for the area in which the Project is located, as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, or as otherwise determined pursuant to said section.

“*Moody’s*” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

“*Mortgage Loan*” means the mortgage loan to be made from the Lender to the Borrower in the principal amount of \$60,815,000.

“*Mortgage Loan Documents*” means the mortgage, the mortgage note, and all other documents required by the Lender in connection with the Mortgage Loan.

“*Negative Arbitrage Account*” means the Negative Arbitrage Account of the Bond Fund created in Section 4.01 hereof.

“*Net Proceeds of the Bonds*” means the proceeds of the Bonds less any amounts used for Costs of Issuance.

“*Note*” means the promissory note of the Borrower, dated as of even date with the Bonds initially issued, in the form attached as Exhibit A to the Loan Agreement and in the principal amount of \$60,815,000, evidencing the obligation of the Borrower to make Loan Payments.

“*Notice Address*” means:

To the Issuer:	Manor Housing Public Facility Corporation 105 E Eggleston Street Manor, Texas 78653 Attention: City Manager
With a copy to:	Bickerstaff Heath Delgado Acosta LLP 1601 S. MoPac Expressway, Suite C400 Austin, Texas 78746 Attention: Gregory Miller
To the Trustee:	BOKF, NA 1401 McKinney, Suite 1000 Houston, Texas 77010 Attention: Rosalyn Davis
To the Borrower:	Manor Leased Housing Associates I, Limited Partnership c/o Dominion Development & Acquisition, LLC 2905 Northwest Boulevard, Suite 150 Plymouth, Minnesota 55441 Attention: Neal Route and Mark Moorhouse
With a copy to:	Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attention: Paul Manda and Jeff Drennan
To the Limited Partner:	c/o RBC Community Investments, LLC o 600 Superior Avenue o Suite 2300 o Cleveland, Ohio 44114 o Attention: President and General Counsel
With a copy to:	Nixon Peabody LLP o Exchange Place

o 53 State Street
o Boston, Massachusetts 02109
o Attention: Roger W. Holmes

To the Rating Agency: Moody's Investors Service, Inc.
250 Greenwich Street
New York, New York 10007

To the Remarketing Agent: Stifel, Nicolaus & Company, Incorporated
639 Loyola Avenue, Suite 200
New Orleans, Louisiana 70113
Attention: John Sabatier

To the Lender: Associated Bank, National Association

[need address]

With a copy to: Fabyanske Westra Hart & Thomson
80 South 8th Street, Suite 1900
Minneapolis, MN 55402
Attention: Rory Dugan

or such additional or different address, notice of which is given under Section 12.03 hereof.

"Official Statement" means the Official Statement dated October [], 2024, relating to the Bonds.

"Opinion of Bond Counsel" means an opinion of Bond Counsel.

"Opinion of Counsel" means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

"Optional Redemption Date" means November 1, 2027, or any Business Day thereafter.

"Ordinary Services" and *"Ordinary Expenses"* mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to this Indenture.

"Ordinary Trustee Fees and Expenses" means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under this Indenture, and for its duties as Dissemination Agent, including, but not limited to (i) the annual administrative fee of the Trustee payable annually in advance on the Closing Date and on each October 1 thereafter while the Bonds are outstanding in an annual amount equal to \$[4,000], and (ii) the acceptance fee of the Trustee of \$2,000 payable on the Closing Date; *provided, however,*

the amount of Ordinary Trustee Fees and Expenses payable under this Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to Section 4.4 of the Loan Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to Section 4.4 of the Loan Agreement.

“*Organizational Documents*” means the Amended and Restated Agreement of Limited Partnership of the Borrower, as it may be amended from time to time.

“*Outstanding Bonds*,” “*Bonds outstanding*” or “*outstanding*” as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under this Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of this Indenture; and
- (d) Bonds in lieu of which others have been authenticated under Section 2.07 of this Indenture.

“*Permitted Liens*” means liens relating to the Project permitted by the Mortgage Loan Documents and as set forth in the title policy issued to the Lender.

“*Person*” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“*Plans and Specifications*” means the plans and specifications describing the Project as of the Closing Date and as they may be changed as provided in the Loan Agreement.

“*Predecessor Bond*” of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by the particular Bond. For the purposes of this definition, any Bond authenticated and delivered under Section 2.07 hereof in lieu of a lost, stolen or destroyed Bond shall, except as otherwise provided in Section 2.07, be deemed to evidence the same debt as the lost, stolen or destroyed Bond.

“*Project*” means the Tower Road Apartments containing approximately 324 units and located at or near 12100 Tower Road, Manor, Texas 78653.

“*Project Certificate*” means the Project Certificate, dated the Closing Date, executed by the Borrower in connection with the issuance of the Bonds.

“*Project Costs*” means the costs of the Project specified in Section 3.6 of the Loan Agreement.

“*Project Fund*” means the Project Fund created in Section 4.01 hereof.

“*Purchase Price*” has the meaning specified for such term in Section 3.02(a) hereof.

“*Qualified Project Costs*” means the actual costs incurred to acquire, construct and equip the Project which (i) are or were incurred after September 20, 2023, (ii) are (a) chargeable to the Project’s capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project’s capital account are or would have been deducted only through an allowance for depreciation or (b) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code and (iii) are made exclusively with respect to a “qualified residential rental project” within the meaning of Section 142(d) of the Code and subject in all respects to the Tax Exemption Agreement and the Project Certificate.

“*Rating Agency*” means Moody’s Investor Services, Inc., or any other national recognized securities rating agency rating the Bonds, or such rating agency’s successors or assigns, and initially means Moody’s Investor Services, Inc. so long as Moody’s Investor Services, Inc. is rating the Bonds.

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

“*Rebate Amount*” means any amounts owed in connection with the rebate requirements contained in Section 148(f) of the Code and the Regulations and as set forth in the Tax Exemption Agreement.

“*Rebate Analyst*” means Hilltop Securities Inc. or any other rebate analyst selected by the Issuer and reasonably acceptable to the Borrower.

“*Rebate Analyst Fee*” means the fee payable by the Borrower pursuant to Section 4.4 of the Agreement, annually in arrears to the Rebate Analyst on each January 1 in the amount of \$1,800, commencing on January 1, 2026, so long as any of the Bonds are Outstanding.

“*Rebate Fund*” means the Rebate Fund created in Section 4.09 hereof.

“*Redemption Date*” means any date on which the Bonds are to be redeemed pursuant to this Indenture.

“*Register*” means the books kept and maintained by the Trustee for registration and transfer of Bonds pursuant to Section 2.06 hereof.

“*Regular Record Date*” means, with respect to any Bond, the fifteenth day of the calendar month next preceding each Interest Payment Date.

“*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.

“*Remarketing Agent*” means initially, Stifel, Nicolaus & Company, Incorporated, and any successor Remarketing Agent that may be designated in accordance with Section 5.15 hereof.

“*Remarketing Agreement*” means the Remarketing Agreement dated as of October 1, 2024, between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“*Remarketing Date*” means the date on which the Bonds are initially remarketed and, if the outstanding Bonds on such date or on any subsequent Remarketing Date are remarketed pursuant to this Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Remarketing Expenses*” means the reasonable costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel and financial advisor, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees, the costs of a Cash Flow Projection and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

“*Remarketing Notice Parties*” means the Borrower, the Issuer, the Trustee, the Remarketing Agent, the Limited Partner and the Rating Agency.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to Section 3.07 hereof or the final Maturity Date of the Bonds, as applicable.

“*Remarketing Proceeds Account*” means the Remarketing Proceeds Account of the Bond Fund created in Section 4.01 hereof.

“*Remarketing Rate*” means the interest rate or rates established pursuant to Article III and borne by the Bonds then outstanding from and including the Mandatory Tender Date to, but not including, the immediately succeeding Mandatory Tender Date or the Maturity Date, as applicable.

“*Reserved Rights*” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to Section 4.4 of the Loan Agreement, including but not limited to the Issuer Fee and Expenses, the Issuance Fee and the Issuer’s Administrative Fee; (c) all rights of the Issuer to receive any Rebate Amount; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent hereunder and under the other Financing Documents; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Exemption Agreement and in the Tax Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement, the or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement, and the Note, (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in this Indenture, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Loan Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project, and (i) all enforcement remedies with respect to the foregoing.

“*Revenues*” means (a) the Loan Payments, (b) the Collateral Payments, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Project Fund and the Collateral Fund, and (e) all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund or Additional Payments or other payments or amounts with respect to the Reserved Rights.

“*S&P*” means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

“*Special Funds*” means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in this Indenture.

“*Special Limited Partner*” means RBC Community Investments Manager II, Inc., a Delaware corporation, and its permitted successors and assigns.

“*Special Record Date*” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“*Sponsor*” means the City of Manor, Texas.

“*State*” means the State of Texas.

“*Supplemental Indenture*” means any indenture supplemental to this Indenture entered into between the Issuer and the Trustee in accordance with Article VII hereof.

“*Tax Exemption Agreement*” means the Tax Exemption Certificate and Agreement dated October 29, 2024, between the Issuer and the Borrower, as amended or supplemented from time to time.

“*Tax Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2024, among the Issuer, the Borrower and the Trustee, as amended or supplemented from time to time.

“*Tendered Bond*” means any Bond which has been tendered for purchase pursuant to a Mandatory Tender.

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

“*Trustee*” means BOKF, NA, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of this Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“*Trustee Indemnified Persons*” means the Trustee and each and all of its past, present and future directors, officers, employees, attorneys, agents and advisers (including counsel).

“*Underwriter*” means Stifel, Nicolaus & Company, Incorporated, a Missouri corporation.

“*Unredeemed Bonds*” means, on any Mandatory Tender Date, Bonds that are not scheduled to be redeemed pursuant to Section 3.01(a) hereof.

“*Untendered Bond*” has the meaning specified for such term in Section 3.07(a) hereof.

Section 1.02. Interpretation. Any reference herein to the Issuer, to the Governing Body or to any member or officer of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions. Any reference to a section or provision of the Constitution of the State or the Act, or to a section, provision or chapter of any statute of the State or of the United States of America, includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; *provided*, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this paragraph, if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under the Bond Resolution, the Bonds, the Financing Documents or any other instrument or document entered into in connection with any of the foregoing, including without limitation, any alteration of the obligation to pay Bond Service Charges in the amount and manner, at the times, and from the sources provided in the Bond Resolution and this Indenture, except as permitted herein.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa. The terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder,” “hereinafter” and similar terms refer to this Indenture; and the term “hereafter” means after, and the term “heretofore” means before, the date of this Indenture. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.03. Captions and Headings. The captions and headings in this Indenture are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

Section 1.04. Content of Certificates and Opinions. Every certificate or opinion provided for in this Indenture with respect to compliance with any provision hereof made or given by an Authorized Official of the Issuer or an Authorized Borrower Representative may be based, insofar as it relates to legal or accounting matters, upon a certificate or opinion or representation given by counsel or an accountant, unless such Authorized Official or Authorized Borrower Representative, as applicable, knows, or in the exercise of reasonable care should have known, that the certificate, opinion or representation with respect to the matters upon which such certificate or statement is based is erroneous. Any such certificate or opinion made or given by counsel or an accountant may be based, insofar as it relates to factual matters with respect to which information is in the possession of the Issuer or the Borrower, as applicable, upon a certificate or opinion of or representation by an Authorized Official of the Issuer or Authorized Borrower Representative, unless such counsel or accountant knows, or in the exercise of reasonable care should have known, that the certificate or opinion or representation with respect to the matters upon which such certificate, opinion or representation is based is erroneous. The same Authorized Official of the Issuer or an Authorized Borrower Representative, or the same counsel or accountant, as the case may be, need not certify to all of the matters required to be certified under any provision of this Indenture, but different officers, counsel or accountants may certify to different matters.

When any certificate or opinion is required by the express terms of this Indenture to be given by the Issuer on its own behalf, any such certificate or opinion made or given by an Authorized Official of the Issuer (and in no event individually) may be based, (i) insofar as it relates to factual matters, upon a certificate of or representation by the Borrower, (ii) insofar as it relates to legal or accounting matters, upon a certificate or representation by counsel or an accountant, as the case may be, in each case under clauses (i) and (ii) without further investigation or inquiry by such Authorized Official unless such Authorized Official knows that the certificate or opinion with respect to the matters upon which such certificate or opinion may be based are erroneous in any material respect.

Article II

Authorization and Terms of Bonds

Section 2.01. Authorization and General Terms of Bonds.

(a) *Authorization of Bonds.* There is hereby authorized, established and created an issue of bonds of the Issuer to be known and designated as the “Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024.” No Bonds may be issued under the provisions of this Indenture except in accordance with this Article II. The total authorized principal amount of Bonds which may be issued under the provisions of this Indenture is \$60,815,000.

(b) *General Terms.* The Bonds shall be in substantially the form as set forth in *Exhibit A* to this Indenture; shall be numbered consecutively from “R-1” upwards bearing numbers not then contemporaneously outstanding (in order of issuance) according to the records of the Trustee; shall be in Authorized Denominations; and shall be dated the Closing Date; *provided* that the Initial Bond shall have such changes as described in the last paragraph of Section 2.03 hereof.

(c) *Registered Form.* All Bonds shall be in fully registered form, and, except as provided in Section 2.06 hereof, the Holder of a Bond shall be regarded as the absolute owner thereof for all purposes of this Indenture.

(d) *Further Details.* The Bonds shall be negotiable instruments in accordance with the Act, and shall express the purpose for which they are issued and any other statements or legends which may be required by law. Each Bond shall be of a single maturity, unless the Trustee shall be directed to authenticate and deliver a Bond of more than one maturity.

Section 2.02. Maturity and Interest.

(a) *General.* The Bonds shall bear interest on the principal amount outstanding from the most recent date to which interest has been paid or duly provided for (or, if no interest has been paid or provided for, from the Closing Date), payable on each Interest Payment Date. The Bonds shall bear interest at the Interest Rate for each Interest Period as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30 day months. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.01 hereof.

(b) *Initial Interest Rate.* From the date of their initial delivery to but not including the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 3.02 hereof. If sufficient funds are not available to pay the Purchase Price on the Unredeemed Bonds following such Mandatory Tender on the Initial Mandatory Tender Date and any such Bonds are not redeemed pursuant to Section 3.01(b) hereof, such Bonds shall accrue interest at the Maximum Interest Rate until funds are available for payment of the principal of and

accrued interest on such Bonds, with interest being paid monthly on the first Business Day of each month.

(c) *Establishment of Remarketing Rate.* The Remarketing Agent shall establish the interest rate on the Bonds outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.02. Not less than ten (10) Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then outstanding for the Remarketing Period specified by the Remarketing Agent at the written direction of the Borrower as provided in Section 3.07 hereof, would enable the Bonds to be remarketed at a price equal to 100% of the principal amount of Bonds to be remarketed. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; *provided* that if the rate of interest so determined for such period would exceed the Maximum Interest Rate per annum, the Bonds outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the Maximum Interest Rate. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate, the Bonds outstanding shall be redeemed pursuant to Section 3.01(b) hereof and not remarketed.

(d) *Notice of Remarketing Rate.* The Remarketing Agent shall, upon determination of the Remarketing Rate and the Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or electronic mail, promptly confirmed in writing, to the Trustee, the Issuer and the Borrower. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

(e) *Usury.* The Issuer intends to conform strictly to the usury laws applicable to this Indenture and the Bonds and all agreements made in the Bond Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid to the Holders as interest or other amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed by Texas Government Code Section 1204.006(a) or under any other law which a court of competent jurisdiction may deem applicable hereto. If, from any circumstances whatsoever, the fulfillment of any provision of the Bond Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then, *ipso facto*, the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law; and if from any circumstances whatsoever, the Holders shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Holders, to the reduction of the principal remaining unpaid hereunder and under the Bonds and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. This paragraph shall control every other provision of the Bond Documents.

Section 2.03. Execution and Authentication of Bonds. Each Bond shall be signed by the manual or facsimile signature of the President of the Issuer and attested by the manual or facsimile signature of the Secretary of the Issuer, in their official capacities. In case any officer whose signature or a facsimile of whose signature shall appear on any Bond shall cease to be that officer before the issuance of the Bond, such signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Bond may be executed on behalf of the Issuer by an officer who, on the date of execution is the proper officer, although on the date of the Bond that person was not the proper officer. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Bonds. The Bonds may be typewritten, printed, engraved, lithographed or otherwise produced.

No Bond, other than the Initial Bond, shall be valid or become obligatory for any purpose or shall be entitled to any security or benefit under this Indenture unless and until a certificate of authentication, substantially in the form set forth in Exhibit A to this Indenture, has been signed by the Trustee. The authentication by the Trustee upon any Bond shall be conclusive evidence that the Bond so authenticated has been duly authenticated and delivered hereunder and is entitled to the security and benefit of this Indenture. The certificate of the Trustee may be executed by any person authorized by the Trustee, but it shall not be necessary that the same authorized person sign the certificates of authentication on all of the Bonds.

The Initial Bond shall be numbered "I-1" and shall be identical to the form of the Bond set forth in Exhibit A, except (a) in lieu of the certificate of authentication of the Trustee, the Initial Bond shall contain the Registration Certificate of the Texas Comptroller of Public Accounts substantially in the form set forth below, (b) no CUSIP number shall be required, (c) the DTC FAST Rider in the form of Bond shall not be included in the Initial Bond, (d) the fifth to last and sixth to last paragraphs in the form of Bond shall be deleted from the Initial Bond, (e) the notice at the top of the form of Bond shall not be deleted from the Initial Bond, and (f) the second to last paragraph of the form of Bond shall be replaced with the following in the Initial Bond: "This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Indenture unless the Comptroller's Registration Certificate herein has been executed by an authorized representative of the Texas Comptroller of Public Accounts."

In lieu of the authentication certificate of the Trustee, the Initial Bond shall contain the following certificate:

**“Registration Certificate of
Comptroller of Public Accounts**

Office of the Comptroller §
of Public Accounts § Register No. _____
the State of Texas §

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

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the State of
Texas

(Seal)”

The provisions of *Exhibit A* may be rearranged or re-ordered for purposes of the Initial Bond.

Section 2.04. Source of Payment of Bonds. The Bonds are not and shall never become general obligations of the Issuer, but to the extent provided in and except as otherwise permitted by this Indenture, the Bonds shall be special limited obligations of the Issuer and the Bond Service Charges thereon shall be payable equally and ratably solely from and secured solely by the Trust Estate as further set forth in Section 9.02 hereof.

NOTWITHSTANDING ANY OTHER PROVISION OF THIS INDENTURE TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS AND BENEFICIAL OWNERS THEREOF AGAINST THE SECURITY, THAT IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND THAT SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE SPONSOR, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE SPONSOR, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THIS INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THIS INDENTURE OR ANY SUPPLEMENTAL

INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THE BONDS AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

Section 2.05. Payment and Ownership of Bonds. Bond Service Charges shall be payable in lawful money of the United States of America without deduction for the services of the Trustee. Subject to the provisions of Sections 2.08 and 2.09 hereof, (a) the principal of any Bond shall be payable when due to a Holder upon presentation and surrender of such Bond at the Designated Office of the Trustee or at the office designated by the Trustee, and (b) interest on any Bond shall be paid on each Interest Payment Date by check or draft which the Trustee shall cause to be mailed on that date to the Person in whose name the Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date applicable to that Interest Payment Date on the Register at the address appearing therein.

If and to the extent, however, that payment or provision for payment of interest on any Bond on any Interest Payment Date is not made, that interest shall cease to be payable to the Person who was the Holder of that Bond (or of one or more Predecessor Bonds) as of the applicable Regular Record Date. In that event, except as provided below in this Section 2.05, when money becomes available for payment of the interest, (a) the Trustee shall, pursuant to Section 6.06(d) hereof, establish a Special Record Date for the payment of that interest which shall be not more than fifteen (15) nor fewer than ten (10) days prior to the date of the proposed payment, and (b) the Trustee shall cause notice of the proposed payment and of the Special Record Date to be mailed by first-class mail, postage prepaid, to each Holder at its address as it appears on the Register not fewer than ten (10) days prior to the Special Record Date and, thereafter, the interest shall be payable to the Persons who are the Holders of the Bonds (or their respective Predecessor Bonds) at the close of business on the Special Record Date.

Subject to the foregoing, each Bond delivered under this Indenture upon transfer thereof, or in exchange for or in replacement of any other Bond, shall carry the rights to interest accrued and unpaid, and to accrue on that Bond, or which were carried by that Bond.

Except as provided in this Section 2.05 and the first paragraph of Section 2.07 hereof, (a) the Holder of any Bond shall be deemed and regarded as the absolute owner thereof for all purposes of this Indenture, (b) payment of or on account of the Bond Service Charges on any Bond shall be made only to or upon the order of that Holder or its duly authorized attorney in the manner permitted by this Indenture, and (c) neither the Issuer nor the Trustee shall, to the extent permitted by law, be affected by notice to the contrary. All of those payments shall be valid and effective to satisfy and discharge the liability upon that Bond, including without limitation, the interest thereon, to the extent of the amount or amounts so paid. Notwithstanding anything to the contrary herein or in any of the Bond Documents, the Trustee is authorized to use funds on deposit in the Special Funds, as and when provided, the pay principal of and interest on the Bonds when due.

Section 2.06. Registration and Transfer of Bonds. So long as any of the Bonds remain outstanding, the registration and transfer of Bonds, as provided in this Indenture, will be maintained and kept at the Designated Office of the Trustee.

Subject to the provisions set forth above and in Section 2.09 hereof, any Bond may be transferred upon the Register, upon presentation and surrender thereof at the Designated Office of the Trustee, together with an assignment duly executed by the Holder or its duly authorized attorney in any form which shall be satisfactory to the Trustee. Upon transfer of any Bond and on request of the Trustee, the Issuer shall execute in the name of the transferee, and the Trustee shall authenticate and deliver, a new Bond or Bonds, of any Authorized Denomination or Denominations in an aggregate principal amount equal to the unmatured and unredeemed principal amount of, and bearing interest at the same rate and maturing on the same date or dates as, the Bonds presented and surrendered for transfer.

In all cases in which Bonds shall be transferred hereunder, the Issuer shall execute, and the Trustee shall authenticate and deliver, Bonds in accordance with the provisions of this Indenture. The transfer shall be made without charge; *provided*, that the Issuer and the Trustee may make a charge for every exchange or transfer of Bonds sufficient to reimburse them for any tax or excise required to be paid with respect to the transfer. The charge shall be paid before a new Bond is delivered.

All Bonds issued upon any transfer of Bonds shall be the valid obligations of the Issuer, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Bonds surrendered upon transfer.

Section 2.07. Mutilated, Lost, Wrongfully Taken or Destroyed Bonds. If any Bond is mutilated, lost, wrongfully taken or destroyed, in the absence of written notice to the Issuer or the Trustee that a lost, wrongfully taken or destroyed Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and the Trustee shall authenticate and deliver, a new Bond of like date, maturity and denomination as the Bond mutilated, lost, wrongfully taken or destroyed; *provided*, that (a) in the case of any mutilated Bond, the mutilated Bond first shall be surrendered to the Trustee, and (b) in the case of any lost, wrongfully taken or destroyed Bond, there first shall be furnished to the Trustee evidence of the loss, wrongful taking or destruction satisfactory to the Trustee, together with indemnity satisfactory to an Authorized Borrower Representative, the Trustee and an Authorized Official.

If any lost, mutilated, wrongfully taken or destroyed Bond shall have matured, instead of issuing a new Bond, the Issuer may direct the Trustee to pay that Bond without surrender thereof upon the furnishing of satisfactory evidence and indemnity as in the case of issuance of a new Bond. The Issuer and the Trustee may charge the Holder of a mutilated, lost, wrongfully taken or destroyed Bond their reasonable fees and expenses in connection with their actions pursuant to this Section 2.07.

Every new Bond issued pursuant to this Section 2.07 by reason of any Bond being mutilated, lost, wrongfully taken or destroyed (a) shall constitute, to the extent of the outstanding principal amount of the Bond mutilated, lost, taken or destroyed, an additional contractual

obligation of the Issuer, regardless of whether the mutilated, lost, wrongfully taken or destroyed Bond shall be enforceable at any time by anyone and (b) shall be entitled to all of the benefits of this Indenture equally and proportionately with any and all other Bonds issued and outstanding hereunder.

All Bonds shall be held and owned on the express condition that the foregoing provisions of this Section 2.07 are exclusive with respect to the replacement or payment of mutilated, lost, wrongfully taken or destroyed Bonds and, to the extent permitted by law, shall preclude any and all other rights and remedies with respect to the replacement or payment of negotiable instruments or other investment securities without their surrender, notwithstanding any law or statute to the contrary now existing or enacted hereafter.

Section 2.08. Cancellation of Bonds. Any Bond surrendered pursuant to this Article II for the purpose of payment or retirement or for exchange, replacement or transfer shall be cancelled upon presentation and surrender thereof to the Trustee.

Notwithstanding any provision of this Indenture to the contrary, the Issuer, or the Borrower on behalf of the Issuer, may deliver at any time to the Trustee with written instructions for cancellation any Bonds previously authenticated and delivered hereunder, which the Issuer or the Borrower may have acquired in any manner whatsoever. All Bonds so delivered shall be cancelled promptly by the Trustee. Cancelled Bonds shall be, upon written request of the Issuer, destroyed by the Trustee by shredding or incineration at that time in accordance with its policies and procedures, or at any earlier time directed by the Issuer. Certification of the surrender and cancellation shall be made to the Issuer by the Trustee upon the request of the Issuer.

Section 2.09. Book-Entry Only System. Notwithstanding any provision of this Indenture to the contrary, the Issuer may direct that all Bonds issued hereunder shall be initially issued in a Book-Entry System, registered in the name of a Depository or its nominee as registered owner of the Bonds, and held in the custody of that Depository. Unless otherwise requested by a Depository, a single certificate will be issued and delivered to the Depository, or held by the Trustee as custodian for the Depository, for each maturity of Bonds. Beneficial Owners of Bonds in a Book-Entry System will not receive physical delivery of Bond certificates except as provided hereinafter. For so long as a Depository shall continue to serve as securities depository for the Bonds as provided herein, all transfers of Beneficial Ownership Interests will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring Beneficial Ownership Interests of Bonds is to receive, hold or deliver any Bond certificate; *provided*, that, if a Depository fails or refuses to act as securities depository for the Bonds, the Issuer shall take the actions necessary to provide for the issuance of Bond certificates to the Holders of such Bonds.

With respect to Bonds registered in the name of a Depository, the Issuer, the Borrower and the Trustee shall have no responsibility or obligation to any participant therein or to any Person on whose behalf any participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, neither the Issuer, the Borrower nor the Trustee shall have any responsibility or obligation with respect to (a) the accuracy of the records of the Depository or any participant therein or any other Person, other than a registered owner of the Bonds, as shown in the Register,

or any notice with respect to the Bonds or (b) the payment to any participant in the Depository or any other Person, other than a registered owner of the Bonds, as shown in the Register, of any amount with respect to principal of or interest on or Purchase Price of the Bonds.

Replacement Bonds may be issued directly to Beneficial Owners of Bonds other than a Depository, or its nominee, but only in the event that (a) the Depository determines not to continue to act as securities depository for the Bonds (which determination shall become effective no less than ninety (90) days after written notice to such effect to the Issuer and the Trustee); or (b) the Issuer has advised a Depository of its determination (which determination is conclusive as to the Depository and Beneficial Owners of the Bonds) that the Depository is incapable of discharging its duties as securities depository for the Bonds; or (c) the Issuer has determined (which determination is conclusive as to the Depository and the Beneficial Owners of the Bonds) that the interests of the Beneficial Owners of the Bonds might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the Issuer and the Borrower shall use commercially reasonable efforts to attempt to locate another qualified securities depository. If the Issuer and the Borrower fail to locate another qualified securities depository to replace the Depository, the Issuer and the Borrower, at the Borrower's expense, shall cause to be authenticated and delivered replacement Bonds, in certificate form, to the Beneficial Owners of the Bonds. In the event that the Issuer makes the determination noted in (b) or (c) above (*provided* that the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any such determination), and has made provisions to notify the Beneficial Owners of Bonds of such determination by mailing an appropriate notice to the Depository, the Issuer shall cause to be issued replacement Bonds in certificate form to Beneficial Owners of the Bonds as shown on the records of the Depository provided to the Issuer.

Upon the written direction of 100% of the Beneficial Owners of the Bonds, the Trustee shall withdraw the Bonds from any Depository and authenticate and deliver Bonds fully registered to the assignees of that Depository or its nominee. If the request for such withdrawal is not the result of any Issuer action or inaction, such withdrawal, authentication and delivery shall be at the cost and expense (including costs of printing, preparing and delivering such Bonds) of the persons requesting such withdrawal, authentication and delivery (who shall provide the Trustee with assurances, satisfactory to the Trustee for the payment of such costs and expenses incurred, or to be incurred, by the Trustee); otherwise such withdrawal, authentication and delivery shall be at the cost and expense of the Borrower (who shall provide the Trustee with assurances, satisfactory to the Trustee for the payment of such costs and expenses incurred, or to be incurred, by the Trustee).

Whenever, during the term of the Bonds, the beneficial ownership thereof is determined by a book-entry at a Depository, (a) the requirements in this Indenture of holding, delivering or transferring Bonds shall be deemed modified to require the appropriate Person or entity to meet the requirements of the Depository as to registering or transferring the book-entry to produce the same effect and (b) delivery of the Bonds will be in accordance with arrangements among the Issuer, the Trustee and the Depository notwithstanding any provision of this Indenture to the contrary.

Any provision of this Indenture to the contrary notwithstanding, so long as the Bonds are registered solely in the name of the Depository or its nominee, all payments with respect to principal of, premium, if any, and interest on, the Bonds and all notices with respect to the Bonds shall be made and given in accordance with the policies and procedures of the Depository.

Section 2.10. Delivery of the Bonds. Upon the execution and delivery of this Indenture, and satisfaction of the conditions established by the Issuer in the Bond Resolution and in the Bond Purchase Agreement for delivery of the Bonds, the Issuer shall execute the Bonds and deliver them to the Trustee with written directions to authenticate them. Thereupon, the Trustee shall authenticate the Bonds and deliver them to, or hold them as custodian for, the Depository, as further directed by the Underwriter.

Prior to the delivery of any Bonds against payment therefor, the Trustee shall have received the following (each of which may be an electronic copy):

- (a) a certified copy of the Bond Resolution;
- (b) executed counterparts of this Indenture and the other Financing Documents specifically listed in the definition of Financing Documents;
- (c) an Opinion of Bond Counsel substantially to the effect that this Indenture and the Bonds constitute legal, valid and binding obligations of the Issuer, subject to customary exceptions relating to bankruptcy and insolvency, and that, under existing law, the interest payable on the Bonds is excludable from gross income for federal income tax purposes (except with respect to interest on any Bond during any period while it is held by a “substantial user” of the Project or a “related person” to such a “substantial user” within the meaning of Section 147(a) of the Code);
- (d) an Opinion of Counsel for the Borrower to the effect that the Borrower Documents (specifically listed in the definition of Financing Documents) have been duly authorized, executed and delivered by the Borrower and are legal, valid and binding agreements of the Borrower in accordance with their respective terms subject to customary qualifications and exceptions;
- (e) an opinion of the Attorney General of Texas approving the Bonds;
- (f) the Initial Bond registered by the Texas Comptroller of Public Accounts;
- (g) funds the Trustee is required to receive for deposit pursuant to Section 4.02 hereof;
- (h) an executed copy of the mortgage note evidencing the Mortgage Loan;
- (i) a copy of the rating letter confirming the rating assigned to the Bonds provided by the Rating Agency;

(j) a Cash Flow Projection as of the Closing Date with respect to the sufficiency of amounts on deposit in the Project Fund, the Collateral Fund and the Bond Fund; and

(k) any other documents or opinions which the Trustee, the Issuer or Bond Counsel may reasonably require, which requirement shall be deemed to be satisfied upon the delivery of the Opinion of Bond Counsel described in (c) above.

Article III

Redemption and Remarketing

Section 3.01. Redemption of Bonds. (a) The Bonds are subject to optional redemption prior to their maturity from Eligible Funds, at the written direction of an Authorized Borrower Representative (with delivery of a Cash Flow Projection and written notice to the Trustee at least thirty-five (35) days prior to the proposed redemption date and, in the case of a redemption in part, specifying the principal amount of the Bonds to be redeemed), subject to the conditions set forth in Section 6.1 of the Loan Agreement, either in whole or in part, on each Optional Redemption Date at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption.

(b) The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in this Indenture have not been met by the dates and times set forth in Section 3.06(a) hereof, (iii) the amount on deposit in the Remarketing Proceeds Account at 11:00 a.m. Eastern time on the Mandatory Tender Date is insufficient to pay the Purchase Price of the outstanding Unredeemed Bonds on such Mandatory Tender Date, or (iv) the Trustee has not received an executed copy of the Opinion of Bond Counsel described in Section 3.06(a)(iv) by 11:00 a.m. Eastern time on the Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower.

(c) Any notice of redemption may state that the redemption to be effected is conditioned upon the receipt by the Trustee on or prior to the redemption date of moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed and that if such moneys are not so received such notice shall be of no force or effect and such Bond shall not be required to be redeemed. In the event that such notice contains such a condition and moneys sufficient to pay the principal of and premium, if any, and interest on such Bonds are not received by the Trustee on or prior to the redemption date, the redemption shall not be made and the Trustee shall within a reasonable time thereafter give notice, in the manner in which the notice of redemption was given, that such moneys were not so received.

(d) At the election of an Authorized Borrower Representative, upon a redemption in whole of the Bonds, by written notice to the Trustee given not less than ten (10) Business Days in advance of such redemption date, the Bonds will be deemed tendered for purchase in lieu of the redemption on such date. The purchase price of Bonds so purchased in lieu of redemption shall be the principal amount thereof together with all accrued and unpaid interest to the date of redemption and shall be payable on the date of redemption thereof. Bonds so purchased in lieu of redemption shall remain outstanding and shall be registered to or upon the direction of an Authorized Borrower Representative.

(e) The Trustee shall pay the redemption price of Bonds, or the purchase price from Bonds deemed to be tendered pursuant to subsection (d), from the following sources in the following priority: (i) amounts on deposit in the Collateral Fund and the Bond Fund (other than funds in the Negative Arbitrage Account therein), to the extent not needed to reimburse the Lender for any advances of Mortgage Loan proceeds, and (ii) any other Eligible Funds available or made available for such purpose at the direction of an Authorized Borrower Representative.

Section 3.02. Mandatory Tender. (a) The Unredeemed Bonds are subject to mandatory tender in whole and not in part on the Mandatory Tender Date and shall be purchased at a price (the “Purchase Price”) equal to 100% of the principal amount of such Bonds, without premium. No later than 10:00 a.m., Eastern time, on the Mandatory Tender Date, the Holders of the Unredeemed Bonds shall deliver such Bonds to the Trustee. The Trustee shall utilize the following sources of payments to pay the Purchase Price of the Unredeemed Bonds not later than 2:30 p.m. Eastern time on the Mandatory Tender Date, in the following priority: (i) amounts on deposit in the Remarketing Proceeds Account, and (ii) any other Eligible Funds available or made available for such purpose at the direction of an Authorized Borrower Representative.

(b) Not less than thirty (30) days before the Mandatory Tender Date, the Trustee shall give written notice of tender and remarketing to the Holders of Unredeemed Bonds by first class mail, postage prepaid, at their respective addresses appearing in the Register. The notice shall state the Mandatory Tender Date and that:

(i) all outstanding Unredeemed Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date and must be tendered for purchase on the Mandatory Tender Date;

(ii) all outstanding Unredeemed Bonds will be purchased on the Mandatory Tender Date at a price equal to the Purchase Price;

(iii) Holders will not have the right to elect to retain their Unredeemed Bonds and any such Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date; and

(iv) the address of the office of the Trustee at which Holders should deliver their Unredeemed Bonds for purchase on the Mandatory Tender Date.

If notice is given as stated in this subsection, failure of any Holder to receive such notice, or any defect in the notice, shall not affect the remarketing or the validity of the proceedings for the remarketing of the Unredeemed Bonds.

Section 3.03. Notice of Redemption. Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first-class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than twenty (20) days nor more than thirty (30) days prior to the date fixed for redemption. A second notice of redemption shall be given, as soon as practicable, by first-class mail to the Holder of each Bond which has been so called for redemption (in whole or in part) but has not been presented and surrendered to the Trustee within thirty (30) days following the date fixed for redemption of that Bond. With respect to a mandatory redemption pursuant to Section 3.01(b), the notice of Mandatory Tender provided to Holders pursuant to Section 3.02 shall serve as the notice of redemption required by this Section 3.03 and shall satisfy the requirements of this Section 3.03 and no further notice of redemption will be required to the Holders.

All official notices of redemption shall be dated and shall state:

- (a) the proposed Redemption Date,
- (b) the redemption price,
- (c) if less than all outstanding Bonds are to be redeemed, the identification by designation, letters, numbers or other distinguishing marks and the respective principal amounts of the Bonds to be redeemed,
- (d) that on the Redemption Date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date,
- (e) the place where such Bonds are to be surrendered for payment of the redemption price, which place of payment shall be the Designated Office of the Trustee, and
- (f) that the notice of redemption is conditioned upon there being deposited with the Trustee on or prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed and, in the case of any redemption premium on Bonds, that there be on deposit Eligible Funds sufficient to pay such redemption premium.

If the Bonds are not then held in a Book-Entry System, in addition to the foregoing notice, further notice shall be given by the Trustee as set out below, but no defect in said further notice

nor any failure to give all or any portion of such further notice shall in any manner defeat the effectiveness of a call for redemption if notice thereof is given as above prescribed.

(a) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the CUSIP numbers of all Bonds being redeemed; (ii) the date of issue of the Bonds as originally issued; (iii) the rate of interest borne by each Bond being redeemed; and (iv) the maturity date of each Bond being redeemed.

(b) Each further notice of redemption shall be sent at least fifteen (15) days before the Redemption Date by electronic mail, registered or certified mail or overnight delivery service to all registered securities depositories known to the Trustee to then be in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services that disseminate notices of redemption of obligations such as the Bonds.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number (if any) identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

Failure to receive notice by mailing or any defect in that notice regarding any Bond, however, shall not affect the validity of the proceedings for the redemption of any other Bond.

Notice of any redemption hereunder with respect to Bonds held under a Book-Entry System shall be given by the Trustee only to the Depository, or its nominee, as the Holder of such Bonds in the manner required by the Depository. Selection of Beneficial Ownership Interests in the Bonds called for redemption and notice of the redemption to the Beneficial Owners are the responsibility of the Depository and any failure of such Depository to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds. Notices of redemption may state that no representation is made as to the accuracy or correctness of the CUSIP number or numbers provided therein or on the Bonds.

Section 3.04. Payment of Redeemed Bonds. Notice having been mailed in the manner provided in Section 3.03 hereof, the Bonds and portions thereof called for redemption shall become due and payable on the Redemption Date, and upon presentation and surrender thereof at the place or places specified in that notice, shall be paid at the redemption price, including interest accrued to the Redemption Date.

Upon the payment of the price of Bonds being redeemed or prepaid, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed or prepaid with the proceeds of such check or other transfer.

If money for the redemption of all of the Bonds and portions thereof to be redeemed, together with interest accrued thereon to the Redemption Date, is held by the Trustee on the

Redemption Date, so as to be available therefor on that date and if notice of redemption has been deposited in the mail as aforesaid, then from and after the Redemption Date those Bonds and portions thereof called for redemption shall cease to bear interest and no longer shall be considered to be outstanding hereunder. If such money shall not be so available on the Redemption Date, or that notice shall not have been deposited in the mail as aforesaid, those Bonds and portions thereof shall continue to bear interest, until they are paid, at the same rate as they would have borne had they not been called for redemption.

All money deposited in the Bond Fund and held by the Trustee for the redemption, purchase or prepayment of particular Bonds shall be held in trust for the account of the Holders thereof and shall be paid to them, respectively, upon presentation and surrender of those Bonds.

Section 3.05. Duties of Remarketing Agent. The Remarketing Agent shall do the following in connection with the remarketing of the Bonds:

(a) Unless otherwise directed in writing by an Authorized Borrower Representative not less than ten (10) days before the Mandatory Tender Date, the Remarketing Agent shall offer for sale and use its best efforts to sell Unredeemed Bonds on the Mandatory Tender Date at a price equal to the Purchase Price.

(b) *Establishment of Interest Rate In Connection With Remarketing of Unredeemed Bonds.*

(i) *Establishment of Interest Rate.* From and after the Mandatory Tender Date, the Unredeemed Bonds shall bear interest at the Remarketing Rate determined pursuant to this subsection. Any Remarketing Rate determined by the Remarketing Agent and taking effect pursuant to this Indenture shall be conclusive and binding for the purposes of this Indenture upon the Trustee, the Issuer, the Borrower and the Holders.

(ii) *Determination of Remarketing Rate.* The Remarketing Agent shall determine the Remarketing Rate on or before the Mandatory Tender Date to be effective to a new Mandatory Tender Date selected by an Authorized Borrower Representative with the consent of the Remarketing Agent or the Maturity Date, as applicable. The Remarketing Rate shall be the minimum rate of interest (not to exceed the Maximum Interest Rate) necessary, in the professional judgment of the Remarketing Agent, taking into consideration prevailing market conditions, to enable the Remarketing Agent to remarket all of the Unredeemed Bonds outstanding on a new Mandatory Tender Date at the Purchase Price for the period beginning on the Mandatory Tender Date and ending on or before the next Mandatory Tender Date or the Maturity Date, as applicable, *plus* an additional amount, if any, equal to the additional interest due on the Bonds for such period (after accounting for any remaining funds in the Bond Fund, other than funds in the Negative Arbitrage Account therein) which amount shall be deposited by the Trustee into the Bond Fund from Eligible Funds provided by or on behalf of the Borrower.

(iii) *Notice.* Immediately upon determining the Remarketing Rate, the Remarketing Agent shall give notice to the other Remarketing Notice Parties. In no event shall the Remarketing Agent give its notice later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate.

Section 3.06. Conditions Precedent to Remarketing of Bonds and Notice.

(a) *Conditions Precedent to Remarketing of Unredeemed Bonds.* The remarketing of the Unredeemed Bonds on the Mandatory Tender Date is subject to the satisfaction of each of the following conditions precedent before the Mandatory Tender Date:

(i) Not less than four (4) Business Days before the Mandatory Tender Date, the Trustee has received notice from the Remarketing Agent that all of the outstanding Unredeemed Bonds have been remarketed and that the proceeds from the remarketing are expected to be available to the Trustee on the Mandatory Tender Date and deposited into the Remarketing Proceeds Account in an amount equal to the Purchase Price.

(ii) Not less than four (4) Business Days before the Mandatory Tender Date, the Trustee, the Remarketing Agent and the Rating Agency have received a Cash Flow Projection with respect to the proposed Remarketing Period.

(iii) Not less than two (2) Business Days before the Mandatory Tender Date, the Trustee has received an amount necessary to cover negative arbitrage, if any, on the Unredeemed Bonds through the earlier of the next Mandatory Tender Date or the Maturity Date, as set forth in a Cash Flow Projection.

(iv) Not less than one (1) Business Day before the Mandatory Tender Date, the Trustee has received an executed Opinion of Bond Counsel to the effect that the remarketing of the Unredeemed Bonds on the Mandatory Tender Date will not adversely affect the Federal Tax Status of the Bonds.

(b) *Notice of Satisfaction of Conditions Precedent.* Not less than two (2) Business Days before the Mandatory Tender Date, the Trustee shall give notice to the other Remarketing Notice Parties indicating whether all conditions precedent to the remarketing of the Unredeemed Bonds in Section 3.06(a) hereof have been satisfied.

(c) *Remarketing Costs.* The costs of remarketing of the Bonds shall be paid by the Borrower.

Section 3.07. Remarketing of Unredeemed Bonds.

(a) *Delivery of Bonds for Purchase.* Each Holder must deliver its Unredeemed Bonds to the Trustee for purchase not later than 10:00 a.m., Eastern time, on the Mandatory Tender Date. Bonds so received by the Trustee shall be held by the Trustee in trust for the tendering Holders pending receipt of funds for the payment of such Bonds.

(b) *Untendered Bond.* Any Unredeemed Bond that is not tendered on the Mandatory Tender Date (an “*Untendered Bond*”) will be deemed to have been tendered to the Trustee as of such Mandatory Tender Date, and, from and after such Mandatory Tender Date shall cease to bear interest and no longer will be considered to be outstanding. In the event of a failure by Holders to deliver Unredeemed Bonds on the Mandatory Tender Date, such Holders will not be entitled to any payment (including any interest to accrue from and after the Mandatory Tender Date) other than the Purchase Price for such Untendered Bond, and any Untendered Bond will no longer be entitled to the benefits of this Indenture, except for the purpose of payment of the Purchase Price for such Untendered Bond.

(c) *Delivery of Purchase Price of Remarketed Bonds.* If the Remarketing Agent has received notice from the Trustee pursuant to Section 3.06(b) hereof that the conditions precedent to the remarketing of the Unredeemed Bonds have been satisfied, the Remarketing Agent shall instruct each purchaser of Unredeemed Bonds to deliver to the Trustee, no later than 11:00 a.m., Eastern time, on the Mandatory Tender Date, in immediately available funds, the Purchase Price for the Unredeemed Bonds it has agreed to purchase in the remarketing. If the Trustee receives the Purchase Price of the Unredeemed Bonds by the required time, the Trustee promptly shall transfer the registered ownership of the Unredeemed Bonds to the respective new purchasers and deliver such Unredeemed Bonds to such purchasers. Moneys deposited with the Trustee for the purchase of Unredeemed Bonds shall be held in trust in the Remarketing Proceeds Account of the Bond Fund and shall be paid to each tendering Holders upon presentation of its Unredeemed Bonds at the designated office of the Trustee. If the Trustee does not receive the Purchase Price of the Unredeemed Bonds by the required time, the Unredeemed Bonds shall be redeemed pursuant to Section 3.01(b)(iii) hereof, and the Trustee shall return any moneys it had received for the purchase of Unredeemed Bonds.

(d) *Notice of Remarketing to Holders of Untendered Bonds.* The Trustee shall promptly give notice by registered or certified first class mail, postage prepaid, to each Holder of Untendered Bonds stating that interest on such Bonds ceased to accrue on the Mandatory Tender Date and that moneys representing the Purchase Price of such Bonds are available against delivery of such Bonds at the designated office of the Trustee.

Section 3.08. Cancellation of Bonds. The Trustee shall immediately cancel those Unredeemed Bonds the Purchase Price of which is paid from amounts other than proceeds derived from the remarketing of the Bonds.

Article IV

Revenues and Funds

Section 4.01. Creation of Funds. There are hereby established with the Trustee the following funds and accounts to be held in trust and maintained by the Trustee under this Indenture:

(a) the Bond Fund, and therein a Negative Arbitrage Account and a Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such accounts as provided in this Indenture);

- (b) the Project Fund, and therein a Bond Proceeds Account;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in this Indenture. All money deposited in the funds and accounts created hereunder shall be used solely for the purposes set forth in this Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its reasonable discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Borrower or the Trustee may deem reasonably necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Indenture or the Tax Exemption Agreement with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted hereunder.

Section 4.02. Allocation of Bond Proceeds and Other Deposits. On the Closing Date, (i) the proceeds of the sale of the Bonds (A) in the amount of \$[] (being the par amount of \$60,815,000, plus original issue premium of \$[]) shall be deposited in the Bond Proceeds Account of the Project Fund and (B) in the amount of \$[] shall be deposited in the Negative Arbitrage Account of the Bond Fund and (ii) funds in the amount of \$[] shall be deposited in the Costs of Issuance Fund from funds provided by the Borrower.

Section 4.03. Bond Fund. The Trustee shall deposit in the Remarketing Proceeds Account of the Bond Fund any amounts received from the remarketing of the Unredeemed Bonds. Money in the Remarketing Proceeds Account shall be held exclusively for the payment of the Purchase Price of the Unredeemed Bonds.

So long as there are any outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid by the Borrower one Business Day prior to each Interest Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Interest Payment Date.

The Bond Fund (and any accounts therein for which provision is made in this Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due. [Options for investments in discussion with trustee.]

Bond Service Charges shall be payable, as they become due, in the following order (1) from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund), (2) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (3) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (4) thereafter from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, but no more than once prior to the Mandatory Tender Date then in effect, the Trustee is hereby authorized to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to or at the written direction of the Borrower.

Section 4.04. Project Fund. Upon the deposit of Collateral Payments in the Collateral Fund as provided in Section 4.06 hereof, and subject to the provisions of this Section 4.04 hereof, the Trustee may disburse the Bond proceeds on deposit in the Project Fund to or at the direction of the Lender or the Borrower, for payment of Project Costs in accordance with Section 3.6 of the Loan Agreement. To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is hereby authorized to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund, and (ii) transfer, from Collateral Payments or other Eligible Funds then deposited in the Collateral Fund, an exact corresponding amount from the Collateral Fund to the Project Fund, which transfer is hereby deemed to be of the proceeds of the sale of the Eligible Investments then allocated from the Project Fund to the Collateral Fund. The Trustee shall be irrevocably and unconditionally obligated to (i) disburse from the Project Fund an amount equal to the amount deposited to the Collateral Fund to or at the written direction of the Lender or Borrower, as applicable, or (ii) return to the Lender or the Borrower, as applicable, the amount deposited in the Collateral Fund, within one (1) Business Day of receipt of such deposit. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Interest Payment Date without further written direction.

The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer, the Limited Partner or the Borrower, after the Project has been completed and a Completion Certificate is filed as provided in Section 4.07 hereof, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the General Partner and the Limited Partner. The Trustee shall satisfy this obligation by providing trust statements for all periods in which there are funds in the Project Fund through its online portfolio system.

Notwithstanding any provision of the Loan Agreement or any other provision of this Indenture to the contrary and except to make necessary interest payments, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Collateral Payments or other Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to the extent necessary to pay Bond Service Charges), the Trustee shall determine that the aggregate principal amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-outstanding principal amount of the Bonds.

On any Redemption Date, the Trustee shall, at the written direction of an Authorized Borrower Representative, transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to Section 6.03 hereof, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

Section 4.05. Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund, if any, shall be used by the Trustee to pay Costs of Issuance as directed in writing by an Authorized Borrower Representative. Any amounts remaining on deposit in the Costs of Issuance Fund thirty (30) days after the Closing Date shall be promptly returned to the Borrower or disbursed at the written direction of the Borrower.

Section 4.06. Collateral Fund. The Trustee shall deposit into the Collateral Fund all Collateral Payments received pursuant to Section 4.2 of the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.2 of the Loan Agreement requires the Borrower to cause Collateral Payments to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, amounts on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

The Trustee shall transfer money in the Collateral Fund as follows: (i) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Service Charges due on such Bond Payment Date to the extent required by the fourth paragraph of Section 4.03 hereof, (ii) on the Mandatory Tender Date, if the Unredeemed Bonds are to be redeemed pursuant to Section 3.01(b)(iii) hereof, to the Bond Fund, the amount necessary to pay the redemption price of such Bonds on such date, and (iii) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On any Redemption Date, the Trustee shall transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in Section 3.6 of the Loan Agreement.

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

Notwithstanding anything herein to the contrary, on or before the Initial Mandatory Tender Date, the Freddie Mac Seller/Servicer may deliver to the Trustee, Eligible Funds for deposit into the Collateral Fund, and upon receipt, the Trustee shall release other Eligible Funds on deposit in the Collateral Fund, in an amount equal to the Eligible Funds delivered by the Freddie Mac Seller/Servicer for deposit thereto, to the Lender or as otherwise directed by the Freddie Mac Seller/Servicer.

Section 4.07. Completion of the Project. The completion of the Project and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Trustee of the Completion Certificate required by Section 3.9 of the Loan Agreement. As soon as practicable after the filing with the Trustee of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as described in the Completion Certificate) shall be deposited or applied in accordance with the direction of an Authorized Borrower Representative pursuant to Section 3.6 of the Loan Agreement.

Section 4.08. Expense Fund. There shall be deposited in the Expense Fund the amount, if any, set forth in Section 4.02 hereof and any other amounts delivered to the Trustee for such purpose, to pay the amounts required by this Section 4.08. The Trustee shall apply money on deposit in the Expense Fund solely for the following purposes, on the dates specified below, in the following order of priority:

- (a) to transfer money to the Rebate Fund to the extent necessary to pay the Rebate Amount (if any) pursuant to Article IV of the Tax Exemption Agreement;
- (b) to pay the Ordinary Trustee's Fees and Expenses when due;
- (c) to pay the Dissemination Agent Fee when due;
- (d) to pay the Issuer's Administrative Fee when due;
- (e) to pay the Issuer Fees and Expenses not previously paid; and
- (f) to pay the Rebate Analyst Fee when due.

To the extent money in the Expense Fund is not sufficient to pay the foregoing fees and expenses, such deficiency shall be paid from any moneys in the Costs of Issuance Fund or by the Borrower pursuant to Section 4.4 of the Loan Agreement immediately upon written demand.

Section 4.09. Rebate Fund. The Rebate Fund is created for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation, the Issuer or the Holders of the Bonds. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in the Tax Exemption Agreement. The Rebate Fund is not a portion of the Trust Estate and is not subject to any lien under this Indenture. Notwithstanding the foregoing, the Trustee is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

Section 4.10. Investment of Special Funds. Except as otherwise set forth in this Section 4.10, money in the Special Funds shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of an Authorized Borrower Representative, and money in the Rebate Fund shall be invested and reinvested by the Trustee as provided in the Tax Exemption Agreement. The Trustee shall have no discretion for investing funds or advising any parties on investing funds. The Trustee may conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments. In the absence of written directions of an Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds in [_____, CUSIP _____]. At no time shall the Borrower direct that any funds constituting Gross Proceeds (as defined in the Tax Exemption Agreement) of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code, all as set forth in the Tax Exemption Agreement.

Investments of money in the Bond Fund and the Collateral Fund shall mature or be redeemable at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date. Each investment of money in the Project Fund shall mature or be redeemable at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any of those investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association that is an Affiliate of the Trustee. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable hereunder to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order.

The Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's Expense, (i) a Cash Flow Projection and (ii) Eligible Funds (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection.

An investment made from money credited to the Special Funds shall constitute part of that respective Special Fund. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be allocated to the Negative Arbitrage Account of the Bond Fund.

All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Special Funds shall be credited to and become part of the Special Fund from which the investment was made. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. Any investment losses from moneys credited to a Special Fund shall be charged against that Special Fund. The Trustee shall not be liable for losses, including depreciation of value, on investments or the sale of investments made in compliance with the provisions of this Indenture. Ratings of Eligible Investments shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories.

Subject to the following sentence, investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from the applicable Special Fund. Prior to the Initial Mandatory Tender Date, at the direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date, but is not permitted to sell or otherwise dispose of such Eligible Investment prior to maturity at a price below par without first receiving a Cash Flow Projection.

Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

Section 4.11. Money to be Held in Trust. Except where money has been deposited with or paid to the Trustee pursuant to an instrument restricting its application to particular Bonds, all money required or permitted to be deposited with or paid to the Trustee under any provision of this Indenture or the Note, and any investments thereof, shall be held by the Trustee in trust. Except for money held by the Trustee in the Rebate Fund pursuant to Section 4.09 hereof, all money described in the preceding sentence held by the Trustee shall be subject to the lien of this Indenture hereof while so held. Money held in the Rebate Fund is not subject to the lien of this Indenture.

The money in any fund or account established under this Indenture shall be subject to the unclaimed property laws of the State.

Section 4.12. Valuation. For the purpose of determining the amount on deposit to the credit of any Special Fund or the Rebate Fund, the value of obligations in which money in any fund or account shall have been invested shall be computed at the then market value thereof based on such public pricing sources as shall generally be available to the Trustee. The Trustee shall have no liability for the accuracy of any such valuation. The Trustee shall have no responsibilities (except as expressly set forth herein) as to the validity, sufficiency, value, genuineness, ownership or transferability of the Trust Estate, written instructions, or any other documents in connection therewith, and will not be regarded as making nor be required to make, any representations thereto.

The Eligible Investments shall be valued by the Trustee at any time requested by an Authorized Borrower Representative on reasonable written notice to the Trustee (which period of notice may be waived or reduced by the Trustee); *provided, however*, that the Trustee shall not be required to value the Eligible Investments more than once in any calendar month.

Section 4.13. Nonpresentment of Bonds. In the event that any Bond shall not be presented for payment when the principal thereof becomes due, or a check or draft for interest is uncashed, if money sufficient to pay the principal then due of that Bond or of such check or draft shall have been made available to the Trustee for the benefit of its Holder, all liability of the Issuer to that Holder for such payment of the principal then due of the Bond or of such check or draft thereupon shall cease and be discharged completely. Thereupon, it shall be the duty of the Trustee to hold such money, without liability for interest thereon, in a separate account in the Bond Fund for the exclusive benefit of the Holder, who shall be restricted thereafter exclusively to such money for any claim of whatever nature on its part under this Indenture or on, or with respect to, the principal then due of that Bond or of such check or draft.

If any of such money remains unclaimed by the Holder of a Bond not presented for payment or check or draft not cashed for a period ending three (3) years after it becomes payable or distributable, the Trustee shall comply with the unclaimed property laws of the State, and all liability of the Issuer, the Borrower and the Trustee to the Holder for the payment of such Bond shall forthwith cease, determine and be completely discharged.

Section 4.14. Repayment to the Borrower from the Special Funds. Except as provided in Section 4.09 and Section 4.13 hereof and provided no Event of Default has occurred and is continuing under Section 7.1 of the Loan Agreement, any amounts remaining in the Special Funds (a) after all of the outstanding Bonds shall be paid or deemed paid and discharged under the provisions of this Indenture, and (b) after payment or provision for the payment of all fees, charges and expenses of the Trustee and the Issuer and of all other amounts required to be paid under this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Note, shall be paid to the Borrower, to the extent that those amounts are in excess of those necessary to effect the payment and discharge of the outstanding Bonds.

Article V

The Trustee and Remarketing Agent

Section 5.01. Trustee's Acceptance and Responsibilities. The Trustee accepts the duties imposed upon it by this Indenture and has also accepted the Rebate Fund, and agrees to observe and perform those duties, but only upon and subject to the terms and conditions set forth in this Article V, to all of which the parties hereto and the Holders agree.

(a) Prior to the occurrence of a default or an Event of Default (as defined in Section 6.01 hereof) of which the Trustee has been notified, as provided in paragraph (f)

of Section 5.02 hereof, or of which by that paragraph the Trustee is deemed to have notice, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) as Trustee hereunder, the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Indenture, and no duties or obligations shall be implied to the Trustee, such duties shall be deemed purely ministerial in nature, the Trustee shall not be liable except for the performance of such duties, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Indenture.

(b) In case a default or an Event of Default has occurred and is continuing hereunder (of which the Trustee has received written notice, or is deemed to have notice pursuant to Section 5.02(f) hereof), the Trustee shall exercise those rights and powers vested in it by this Indenture and shall use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of their own affairs. Such standard of care is not considered a fiduciary standard nor shall the Trustee be considered a fiduciary in performance of its duties.

(c) The Trustee shall not be liable for any acts or omissions, except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's gross negligence or willful misconduct. No provision of this Indenture shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that

(i) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subparagraph (a)(i) of this Section 5.01 or the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subparagraph (a)(ii) of this Section 5.01;

(ii) the Trustee shall not be liable for any action taken or error of judgment made in good faith by any one of its officers, agents or employees unless it shall be established that the Trustee was grossly negligent in ascertaining the pertinent facts;

(iii) the Trustee shall be entitled to request and receive and shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the written direction of the Controlling Holders relating to the time, method

and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or satisfactory indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Indenture and the other Financing Documents relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 5.01.

Section 5.02. Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 5.01 hereof:

(a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees and shall not be responsible for the misconduct or negligence of any attorneys, agents, receivers or employees, (ii) shall be entitled to request and rely on and shall not be liable for any action taken or omitted to be taken in accordance with the advice of counsel concerning all matters of trusts hereof and duties hereunder, and (iii) at the expense of the Borrower, may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof. The Trustee may conclusively rely on and act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Issuer or the Borrower) approved by the Trustee in the exercise of reasonable care and shall have no duty to perform an independent investigation as to any statement contained in any opinion or advice it obtains regarding the accuracy or truth of any statement or correctness of any opinion. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

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

(i) any recital in the Financing Documents or any statement or provision in any Official Statement, Preliminary Official Statement or any other material related to the marketing of the Bonds;

(ii) the validity, priority, recording, re-recording, filing or re-filing of this Indenture, any Supplemental Indenture, the Tax Regulatory Agreement or any of the other Financing Documents;

(iii) any instrument or document of further assurance or collateral assignment;

(iv) the giving, execution, delivery, recording, authorizing, filing or refiling of any financing statements, amendments thereto or continuation statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate any security interest granted to the Trustee or (ii) enable the Trustee to exercise and enforce its rights with respect to such pledge and security interest, and the Trustee shall have no responsibility or liability (i) in connection with the acts or omissions of any Person in respect of the foregoing or (ii) for or with respect to the legality, validity and enforceability of any security interest created in any collateral or the perfection and priority of such security interest;

(v) insurance of the Project or collection of insurance moneys;

(vi) the validity of the execution by the Issuer of this Indenture, any Supplemental Indenture or instruments or documents of further assurance;

(vii) the existence, genuineness, value, protection or sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby;

(viii) the value of or title to the Project;

(ix) the maintenance of the security hereof; or

(x) the technical or financial feasibility of the Project, or for the compliance of the Project with the Act, or the tax-exempt status of the Bonds.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the Issuer or the Borrower under the Loan Agreement except as set forth hereinafter; but the Trustee may require of the Issuer or the Borrower full information and advice as to the observance or performance of those covenants, agreements and obligations. The Trustee shall have no duty or obligation to monitor, observe or perform any of the duties of the Issuer or Borrower, or any of their directors, members, officers, agents, affiliates or employees, nor shall it have any liability in connection with the malfeasance or nonfeasance by such parties, and the Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any agreement, instrument, or document other than this Indenture. The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document to which it is not a party, whether or not an original or a copy of such agreement has been provided to the Trustee. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person.

(c) The Trustee shall not be accountable for the use or application by the Borrower or any other Person of the proceeds of any Bonds authenticated or delivered hereunder, the use of amounts paid out in accordance with the provisions of this Indenture, the sufficiency of said proceeds or cash flow to accomplish the intended objective of the

financing, the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds.

(d) The Trustee may conclusively rely upon and shall be protected, in the absence of bad faith on its part, in acting or refraining from acting upon any resolution, notice, request, direction, consent, certificate, statement, instrument, report, order or decree of a court of competent jurisdiction, judgment, affidavit, bond, debenture, note, other evidence of indebtedness, letter, telegram, opinion or other paper or document reasonably believed by it to be genuine and to have been signed or sent by the proper Person or Persons, not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein. Any action taken by the Trustee pursuant to this Indenture upon the direction, request, authority or consent of any Person who is the Holder of any Bonds at the time of making the request or giving the authority or consent, shall be conclusive and binding upon all future Holders of the same Bond and of Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact for which the Issuer or the Borrower may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the Issuer or the Borrower, as appropriate, by an Authorized Official or Authorized Borrower Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default hereunder of which the Trustee has been notified, as provided in paragraph (f) of this Section 5.02, or of which by that paragraph the Trustee is deemed to have notice, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; *provided*, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, *provided further*, that the Trustee shall not be bound to secure any further evidence.

(f) The Trustee shall not be required to take notice, and shall not be deemed to have notice, of any default or Event of Default hereunder, except Events of Default described in paragraphs (a) and (b) of Section 6.01 hereof, unless the Trustee shall be notified specifically of the default or Event of Default in a written instrument or document delivered to it by the Issuer or by the Holders of at least 25% of the aggregate principal amount of Bonds then outstanding. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) The Trustee shall not be required to give any bond or surety with respect to the execution of these trusts and powers or otherwise in respect of the premises.

(h) Notwithstanding anything contained elsewhere in this Indenture, the Trustee may demand, at the expense of the Borrower, and conclusively rely upon any showings, certificates, reports, opinions, appraisals and other information, and any corporate action and evidence thereof, in addition to that required by the terms hereof, as a condition to the authentication of any Bonds or the taking of any action whatsoever within

the purview of the Financing Documents, if the Trustee deems it to be desirable for the purpose of establishing the right of the Issuer to the authentication of any Bonds or the right of any Person to the taking of any other action by the Trustee, and the Trustee shall incur no liability and be fully protected in acting or refraining from acting in accordance therewith; *provided*, that the Trustee shall not be required to make that demand.

(i) Before taking action hereunder pursuant to Section 5.04 or Article VI hereof (with the exception of any action required to be taken under Section 6.02 hereof or giving notice of the acceleration of the Bonds under Section 6.03 hereof), the Trustee may require that a satisfactory indemnity bond (satisfactory to the Trustee in its sole and absolute discretion) be furnished to it for the reimbursement of all costs and expenses which it may incur and to protect it against all liability by reason of any action so taken, except liability resulting from its gross negligence or willful misconduct. The Trustee may take action without that indemnity, and in that case, the Borrower shall reimburse the Trustee for all of the Trustee's expenses pursuant to Section 5.03 hereof.

(j) Unless otherwise provided herein, all moneys received by the Trustee under this Indenture shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; *provided*, that those moneys need not be segregated from other moneys, except to the extent required by this Indenture or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein. The Trustee shall not be required to make any disbursement of funds until having collected funds. Trustee shall not have any liability for any interest or losses incurred in holding funds uninvested or for the investment of any funds in Eligible Investments or for the investment of funds pursuant to the direction of any Person authorized pursuant to the terms hereof to direct the investment of such funds held by Trustee.

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

(l) The Trustee shall be entitled to file proofs of claim in bankruptcy. Ordinary Trustee Fees and Expenses and Extraordinary Fees and Expenses of the Trustee are intended to constitute administrative expenses in bankruptcy.

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

(n) In no event shall the Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit), irrespective of whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

(o) The permissive right of the Trustee to do things enumerated in the Financing Documents shall not be construed as an obligation or duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct. The Trustee shall have no responsibility or liability with respect to any information, statements or recitals in any financial report, offering memorandum or other disclosure material prepared or distributed with respect to the issuance of these Bonds except for (i) the information describing the Trustee or its operations in the Official Statement relating to the Bonds, and (ii) any information describing the Trustee or its operations in any other disclosure document; *provided* that such information shall have been provided by the Trustee specifically for inclusion in such disclosure document.

(p) In acting or omitting to act pursuant to the Financing Documents, the Trustee shall be entitled to all of the rights, immunities and indemnities accorded to it under this Indenture and the Loan Agreement, including, but not limited to, this Article V.

(q) Notwithstanding the effective date of this Indenture or anything to the contrary in this Indenture, the Trustee shall have no liability or responsibility for any act or event relating to this Indenture which occurs prior to the date the Trustee formally executes this Indenture and commences acting as Trustee hereunder (which shall be a date not later than the Closing Date).

(r) The Trustee agrees to accept and act upon instructions or directions pursuant to the Financing Documents sent by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, *provided, however*, that, the Trustee shall have received an incumbency certificate listing persons designated to give such instructions or directions and containing specimen signatures of such designated persons, which such incumbency certificate shall be amended and replaced whenever a person is to be added or deleted from the listing. If the Issuer or the Borrower elect to give the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its reasonable discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Borrower agrees: (i) to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties; (ii) that it is fully informed of the protections and risks associated with the various methods of transmitting instructions to the Trustee and that there may be more secure methods of transmitting instructions than the method(s) selected by the Issuer or the Borrower; and (iii) that the security procedures (if any) to be followed in connection with its transmission of

instructions provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances.

(s) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Indenture arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(t) The Trustee shall have no duty to review or to determine compliance with the terms hereof, or otherwise, of any documents, reports or information delivered to Trustee by the Borrower, or otherwise, including, but not limited to, any financial statements (audited or otherwise), any Cash Flow Projections and the Trustee shall neither have any duty to verify, review or analyze the accuracy of such documents, reports or information nor be deemed to have notice of the content of such statements or reports or Event of Default based on such content.

(u) The Trustee shall not be responsible or liable for the environmental condition or any contamination of any property which secures the Bonds or for any diminution in value of any such property as a result of any contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant. The Trustee shall not be liable for any claims by or on behalf of the Holders or any other person or entity arising from contamination of the property by any hazardous substance, hazardous material, pollutant or contaminant, and shall have no duty or obligation to assess the environmental condition of any such property or with respect to compliance of any such property under state or federal laws pertaining to the transport, storage, treatment or disposal of, hazardous substances, hazardous materials, pollutants, or contaminants or regulations, permits or licenses issued under such laws.

(v) Upon written request by the Rating Agency, the Trustee shall furnish to the Rating Agency the balance of funds on hand with the Trustee and other information as may be reasonably required to maintain the rating on the Bonds.

Section 5.03. Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment or reimbursement by the Borrower, as provided in the Loan Agreement, and the Trustee shall have the right to increase its fees as the cost of business dictates and as negotiated with the Borrower, for customary fees for Ordinary Services rendered hereunder and for all advances, reasonable counsel fees and other Ordinary Expenses reasonably and necessarily paid or incurred by it in connection with the provision of Ordinary Services. For purposes hereof, fees for Ordinary Services and reimbursement of Ordinary Expenses provided for in the definition of Ordinary Trustee Fees and Expense shall be considered customary. In the event that it should become necessary for the Trustee to perform Extraordinary Services, it shall be entitled to payment by the

Borrower for customary extra compensation therefor and to reimbursement by the Borrower for reasonable and necessary Extraordinary Expenses incurred in connection therewith and shall not be required to undertake any Extraordinary Services unless it has received such indemnities or security as it may deem necessary or appropriate in its sole discretion for the payment of such Extraordinary Expenses. Unless and until such time as the Trustee resigns or is replaced, and a successor Trustee is appointed pursuant to Section 5.09 hereunder, the Trustee shall continue to perform its express duties hereunder (but not any Extraordinary Services) notwithstanding the Borrower's failure to timely pay such fees.

Without creating a default or an Event of Default hereunder, however, the Borrower or the Limited Partner may contest in good faith the necessity for any Extraordinary Service and Extraordinary Expense and the amount of any fee, charge or expense after payment of such fee, charge or expense.

The Trustee shall not be entitled to compensation or reimbursement for Extraordinary Services or Extraordinary Expenses occasioned by its gross negligence or willful misconduct. The customary fees for its Ordinary Services and Ordinary Expenses and charges of the foregoing shall be entitled to payment and reimbursement only from (i) the Additional Payments made by the Borrower pursuant to the Loan Agreement, or (ii) from moneys available therefor in the Expense Fund. Any amounts payable to the Trustee pursuant to this Section 5.03 shall be payable upon demand and shall bear interest from the date of demand therefor at the Interest Rate for Advances.

Upon an Event of Default under this Indenture, and only upon an Event of Default under this Indenture, the Trustee shall have a first lien with right of payment prior to payment on account of principal of and premium, if any, and interest on any Bond, upon the Trust Estate for the foregoing fees, charges and expenses incurred by it.

Section 5.04. Intervention by Trustee. The Trustee may intervene on behalf of the Holders, and shall intervene if requested to do so in writing by the Holders of at least 25% of the aggregate principal amount of Bonds then outstanding, in any judicial proceeding to which the Issuer or the Borrower is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of the Bonds. The rights and obligations of the Trustee under this Section 5.04 are subject to the approval of that intervention by a court of competent jurisdiction. The Trustee may require that a satisfactory indemnity bond be provided to it in accordance with Sections 5.01 and 5.02 hereof before it takes action hereunder.

Section 5.05. Successor Trustee. Anything herein to the contrary notwithstanding,

(a) any corporation or association (i) into which the Trustee may be converted or merged, (ii) with which the Trustee or any successor to it may be consolidated, or (iii) to which it may sell or transfer its corporate trust assets and corporate trust business as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer, ipso facto, shall be and become successor Trustee hereunder and shall be vested with all of the title to the whole property or Trust Estate hereunder; and

(b) that corporation or association shall be vested further, as was its predecessor, with each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee, without the execution or filing of any instrument or document or any further act on the part of any of the parties hereto.

Any successor Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company, (ii) shall be in good standing within the United States of America or the State, (iii) shall be duly authorized to exercise trust powers within the United States of America or the State, and (iv) shall have a reported capital, surplus and retained earnings of not less than \$50,000,000.

Section 5.06. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including without limitation, the laws of the State) denying or restricting the right of banks or trust companies to transact business as trustees in that jurisdiction. It is recognized that, (a) if there is litigation under this Indenture or other instruments or documents relating to the Bonds and the Project, and in particular, in case of the enforcement hereof or thereof upon a default or an Event of Default hereunder, or (b) if the Trustee should deem that, by reason of any present or future law of any jurisdiction, it may not (i) exercise any of the powers, rights or remedies granted herein to the Trustee, (ii) hold title to the properties, in trust, as granted herein, or (iii) take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an individual or additional institution as a co-Trustee. The following provisions of this Section 5.06 are adopted to these ends.

In the event that the Trustee appoints an individual or additional institution as a co-Trustee, each and every trust, property, remedy, power, right, duty, obligation, discretion, privilege, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by, vested in or conveyed to the Trustee shall be exercisable by, vest in and be conveyed to that co-Trustee, but only to the extent necessary for it to be so vested and conveyed and to enable that co-Trustee to exercise it. Every covenant, agreement and obligation necessary to the exercise thereof by that co-Trustee shall run to and be enforceable by it.

Any co-Trustee, however, (i) shall be a trust company or a bank having the powers of a trust company, (ii) shall be in good standing within the United States of America or the State, (iii) shall be duly authorized to exercise trust powers within the United States of America or the State, and (iv) shall have a reported capital, surplus and retained earnings of not less than \$50,000,000.

Should any instrument or document in writing from the Issuer reasonably be required by the co-Trustee so appointed by the Trustee for vesting and conveying more fully and certainly in and to that co-Trustee those trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens, that instrument or document shall be executed, acknowledged and delivered, but not prepared, by the Issuer. In case any co-Trustee or a successor to it shall die, become incapable of acting, resign or be removed, all of the trusts, properties, remedies, powers, rights, duties,

obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the co-Trustee shall be exercised by, vest in and be conveyed to the Trustee, to the extent permitted by law, until the appointment of a successor to the co-Trustee.

Section 5.07. Resignation by the Trustee. The Trustee may resign at any time from the trusts created hereby by giving thirty (30) days' written notice of the resignation to the Issuer and the Borrower. The resignation shall take effect upon the appointment of a successor Trustee as provided for in Section 5.09 hereof or an order of a court of competent jurisdiction allowing the Trustee to resign.

Section 5.08. Removal of the Trustee. The Trustee may be removed at any time upon at least thirty (30) days' notice by an instrument or document or concurrent instruments or documents in writing delivered to the Trustee, with copies thereof mailed to the Issuer, the Borrower and the Limited Partner, and signed by or on behalf of the Controlling Holders.

The Trustee also may be removed at any time for any breach of trust or for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provision of this Indenture with respect to the duties and obligations of the Trustee by any court of competent jurisdiction upon the application of the Borrower or the Controlling Holders.

The removal of the Trustee under this Section 5.08 shall take effect upon the appointment of a successor Trustee as provided for in Section 5.09 of this Indenture.

Section 5.09. Appointment of Successor Trustee. If (a) the Trustee shall resign, shall be removed, shall be dissolved, or shall become otherwise incapable of acting hereunder, (b) the Trustee shall be taken under the control of any public officer or officers, or (c) a receiver shall be appointed for the Trustee by a court, then a successor Trustee shall be appointed by the Borrower; *provided*, that if a successor Trustee is not so appointed within 10 days after (i) a notice of resignation or an instrument or document of removal is received by the Issuer, as provided in Sections 5.07 and 5.08 hereof, respectively, or (ii) the Trustee is dissolved, taken under control, becomes otherwise incapable of acting or a receiver is appointed, in each case, as provided above, then, so long as the Borrower shall not have appointed a successor Trustee, the Controlling Holders may designate a successor Trustee by an instrument or document or concurrent instruments or documents in writing signed by or on behalf of those Holders. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 5.09 within thirty (30) days of such resignation, removal or other vacancy, the Holder of any Bond outstanding hereunder or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Trustee.

Every successor Trustee appointed pursuant to this Section 5.09 shall meet the requirements of Section 5.05 hereof and shall be willing to accept the trusteeship under the terms and conditions of this Indenture.

Every successor Trustee appointed hereunder shall execute and acknowledge, and shall deliver to its predecessor, the Issuer, the Borrower and the Limited Partner an instrument or

document in writing accepting the appointment. Thereupon, without any further act, the successor shall become vested with all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of its predecessor. Upon the written request of its successor, the Issuer, the Borrower or the Limited Partner, and payment of all fees and expenses owed to it, the predecessor Trustee (a) shall execute and deliver an instrument or document transferring to its successor all of the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens of the predecessor Trustee hereunder, and (b) shall take any other action necessary to duly assign, transfer and deliver to its successor all property (including without limitation, all securities and moneys) held by it as Trustee. Should any instrument or document in writing from the Issuer be requested by any successor Trustee for vesting and conveying more fully and certainly in and to that successor the trusts, properties, remedies, powers, rights, duties, obligations, discretions, privileges, claims, demands, causes of action, immunities, estates, titles, interests and liens vested or conveyed or intended to be vested or conveyed hereby in or to the predecessor Trustee, the Issuer shall execute, acknowledge and deliver that instrument or document.

In the event of a change in the Trustee, the predecessor Trustee shall cease to be custodian of any moneys which it may hold pursuant to this Indenture and shall cease to be registrar, authenticating agent and paying agent for any of the Bonds, to the extent it served in any of those capacities. The rights of the predecessor Trustee to indemnification and reimbursement of fees and expenses shall survive the Trustee's resignation or removal.

Section 5.10. Adoption of Authentication. In case any of the Bonds shall have been authenticated, but shall not have been delivered, any successor Trustee may adopt the certificate of authentication of any predecessor Trustee and may deliver those Bonds so authenticated as provided herein. In case any Bonds shall not have been authenticated, any successor Trustee may authenticate those Bonds either in the name of any predecessor or in its own name. In all cases, the certificate of authentication shall have the same force and effect as provided in the Bonds or in this Indenture with respect to the certificate of authentication of the predecessor Trustee.

Section 5.11. Dealing in Bonds. The Trustee, its Affiliates, and any directors, officers, employees or agents thereof, in good faith, may become the owners of Bonds secured hereby with the same rights which it or they would have hereunder if the Trustee did not serve in that capacity.

Section 5.12. Representations, Agreements and Covenants of Trustee. The Trustee hereby represents that it is a national banking association organized and existing under and by virtue of the laws of the United States of America, in good standing and duly authorized to exercise corporate trust powers in the State, and that it has an unimpaired reported capital, surplus and retained earnings of not less than \$50,000,000. The Trustee covenants that it will take such action, if any, as is necessary to remain in good standing and duly authorized to exercise corporate trust powers in the State, and that it will maintain an unimpaired reported capital, surplus and retained earnings of not less than \$50,000,000. The Trustee accepts and agrees to observe and perform the duties and obligations of the Trustee to which reference is made in any other instrument or document to which it is a party providing security for any of the Bonds.

Section 5.13. Interpleader. In the event of a dispute between any of the parties hereto with respect to the disposition of any funds held by the Trustee hereunder, or the Trustee receives conflicting demands made upon the Trustee with respect to the Trustee's duties hereunder or any other document related to the Bonds, the Trustee shall be entitled to file a suit in interpleader in a court of competent jurisdiction located in the State seeking to require the parties to interplead and litigate in such court their several claims and rights among themselves. Upon the filing of such a suit and the deposit of the applicable funds to such court, the Trustee will *ipso facto* be fully released and discharged from all obligations to further perform any and all duties imposed hereunder or any other document related to the Bonds regarding such matter and/or such funds that are the subject of such interpleader suit. In the event that the Trustee remains as Trustee under this Indenture and receives a court order, directive or other request regarding the interpleader suit, the Trustee shall be entitled to rely upon such instruction without incurring any obligation or liability and the parties hereto release, hold harmless and indemnify the Trustee for any obligation or liability for so relying on such court instruction.

Section 5.14. Survival of Certain Provisions. The provisions of Sections 5.01 through 5.13 of this Indenture shall survive the release, discharge and satisfaction of this Indenture.

Section 5.15. Concerning the Remarketing Agent. The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. Following any resignation or removal of the Remarketing Agent, the Borrower shall appoint a successor remarketing agent subject to the requirements of Section 5.16 hereof and provide prior notice of such appointment to the Trustee and the Issuer. The Remarketing Agent shall designate to the Trustee its Designated Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower and the Trustee. In addition, the Remarketing Agent will agree particularly to:

- (a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Borrower and the Limited Partner at all reasonable times; and
- (b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; *provided* that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law

to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 5.16. Qualifications of the Remarketing Agent. The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority having a capitalization of at least \$5,000,000, or shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least thirty (30) days' notice of such resignation to the Issuer, the Borrower and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least thirty (30) days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within thirty (30) days of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds.

Section 5.17. Additional Duties. Notwithstanding any provisions hereof to the contrary, the Trustee shall have the following additional duties:

- (a) The Trustee shall provide the Rating Agency upon its written request such information within its possession as the Rating Agency shall reasonably require from time to time in order to maintain the rating on the Bonds; and
- (b) Nothing herein shall negate the Trustee's right to compensation and indemnification hereunder and as provided in the Loan Agreement.

Section 5.18. Notices to Rating Agency. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) any change in the identity of the Trustee, (c) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice, (d) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds, (e) any defeasance or acceleration of the Bonds hereunder, (f) any change or notification of proposed change of the Mandatory Tender Date pursuant to a remarketing of the Bonds of which it has actual notice or (g) any change in the Remarketing Agent or the Lender of which the Trustee has written notice.; (h) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice; (i) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual knowledge; (j) any change in the investment of funds subject to the lien of this Indenture; or (k) any sale of Eligible Investments below par, as shown in a Cash Flow Projection delivered to the Rating Agency prior to the sale date.

Article VI

Default Provisions and Remedies of Trustee and Holders

Section 6.01. Defaults; Events of Default. The occurrence of any of the following events is defined as and declared to be and to constitute an Event of Default hereunder:

- (a) Payment of any interest on any Bond shall not be made when and as that interest shall become due and payable;
- (b) Payment of the principal of any Bond shall not be made when and as that principal shall become due and payable, whether at stated maturity, Mandatory Tender, upon redemption, acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed contained in this Indenture or in the Bonds, which failure shall have continued for a period of thirty (30) days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Controlling Holders; and
- (d) The occurrence and continuance of an Event of Default as defined in Section 7.1 of the Loan Agreement.

The term “default” or “failure” as used in this Article VI means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in this Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Anything in this Indenture to the contrary notwithstanding, the Limited Partner shall have the cure rights set forth in Section 6.03 hereof.

Section 6.02. Notice of Default. If an Event of Default shall occur, the Trustee shall give written notice of the Event of Default, by Electronic Means or by overnight delivery, to the Issuer, the Borrower, the Remarketing Agent, the Lender and the Limited Partner, within ten (10) days after the Trustee has notice of the Event of Default pursuant to Section 5.02(f) hereof. If an Event of Default occurs of which the Trustee has notice pursuant to this Indenture, the Trustee shall give written notice thereof, within thirty (30) days after the Trustee’s receipt of notice of its occurrence, to the Holders of all Bonds then outstanding as shown by the Register at the close of business

fifteen (15) days prior to the mailing of that notice; *provided*, that except in the case of a default in the payment of the principal of or interest on any Bond, the Trustee shall be protected in withholding such notice if the Trustee in good faith determines that the withholding of notice to the Holders is in the interests of the Holders.

Section 6.03. Acceleration. Upon the occurrence of an Event of Default described in Section 6.01(a) or (b), the Trustee may, and upon the written request of the Controlling Holders shall, subject to Section 5.02(j), by written notice delivered to the Borrower and the Issuer, declare the principal of all Bonds then outstanding (if not then due and payable), and the interest accrued thereon, to be due and payable immediately; *provided, however*, that the Trustee shall make such declaration only if the Trustee has determined that it will have sufficient funds available to pay (not out of the Trustee's own funds) the full amount of the principal and accrued but unpaid interest to the Holders of the Bonds as of the date of acceleration. If the Trustee is unable to determine that sufficient funds will be available, the Trustee shall declare the principal of the Bonds immediately due and payable, but only upon the written direction of Holders of a majority of the Bonds then outstanding. Upon the occurrence and during the continuance of any Event of Default other than those described in Sections 6.01(a) and 6.01(b) hereof, the Trustee may, and upon written consent of all Holders of Bonds then outstanding, shall declare by a notice in writing delivered to the Borrower, the principal of all Bonds then outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; *provided*, that interest on any unpaid principal of Bonds outstanding shall continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions of the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement hereunder (after an opportunity for hearing by the Issuer and the Borrower),

(a) all sums payable hereunder (except the principal of and interest on Bonds which have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), *plus* interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds shall have been duly paid or provision shall have been duly made therefor by deposit with the Trustee, and

(b) all existing Events of Default shall have been cured,

then and in every case, the Trustee shall waive the Event of Default and its consequences and shall rescind and annul that declaration. No waiver or rescission and annulment shall extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Limited Partner shall be entitled (but not obligated) to cure any Event of Default hereunder within the time frame provided to the Borrower hereunder. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Limited Partner shall

be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 6.04. Other Remedies; Rights of Holders. With or without taking action under Section 6.03 hereof, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or in equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or obligation under this Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Controlling Holders, the Trustee (subject to the provisions of Sections 5.01 and 5.02 hereof and particularly subparagraph 5.01(c)(iv) and Subsection 5.02(j) of those Sections), shall exercise any rights and powers conferred by this Section 6.04 and by Section 6.03 hereof.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by this Indenture is intended to be exclusive of any other remedy. Each remedy shall be cumulative and shall be in addition to every other remedy given hereunder or otherwise to the Trustee or to the Holders now or hereafter existing, *provided* that the only remedy enforceable against the Issuer shall be for specific performance of its covenants hereunder.

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

No waiver of any default or Event of Default hereunder, whether by the Trustee or by the Holders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement (other than with respect to the Reserved Rights). In exercising any remedy, right or power thereunder or hereunder, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in Sections 5.01 and 5.02 hereof.

Nothing herein shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

Section 6.05. Right of Holders to Direct Proceedings. Anything to the contrary in this Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then

outstanding shall have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings hereunder; *provided*, that (a) any direction shall not be other than in accordance with the provisions of law and of this Indenture, (b) the Trustee shall be indemnified as provided in Sections 5.01 and 5.02 hereof, and (c) the Trustee may take any other action which it deems to be proper and which is not inconsistent with the direction.

Section 6.06. Application of Money. If at any time after the occurrence of an Event of Default the money held by the Trustee under this Indenture (other than amounts in the Rebate Fund) shall not be sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money, together with any moneys then available or thereafter becoming available for such purpose, whether through the exercise of remedies in this Article VI or otherwise, shall, be applied by the Trustee as set forth in this Section 6.06.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses pursuant to any right given or action taken under the provisions of this Article VI or the provisions of the Financing Documents (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under this Article VI), all money received by the Trustee, shall be applied as follows, subject to Section 2.05 hereof and any provision made pursuant to Section 4.10 or 4.11 hereof:

(a) Unless the principal of all of the Bonds shall have become, or shall have been declared to be, due and payable, all of such money shall be deposited in the Bond Fund and shall be applied:

First — To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second — To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds shall have become due or shall have been declared to be due and payable pursuant to this Article VI, all of such money shall be deposited into the Bond Fund and shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds shall have been declared to be due and payable pursuant to this Article VI, and if that declaration thereafter shall have been rescinded and annulled under the provisions of Section 6.03 or 6.10 hereof, subject to the provisions of paragraph (b) of this Section 6.06 in the event that the principal of all of the Bonds shall become due and payable later, the money shall be deposited in the Bond Fund and shall be applied in accordance with the provisions of paragraph (a) of this Section 6.06.

(d) Whenever money is to be applied pursuant to the provisions of this Section 6.06, such money shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee shall direct the application of such money, it shall fix the date upon which the application is to be made, and upon that date, interest shall cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee shall give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of Section 2.05 hereof for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee shall not be required to make payment of principal of a Bond to the Holder thereof, until the Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

Section 6.07. Remedies Vested in Trustee. All rights of action (including without limitation, the right to file proof of claims) under this Indenture or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto. Any suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining any Holders as plaintiffs or defendants. Any recovery of judgment shall be for the benefit of the Holders of the outstanding Bonds, subject to the provisions of this Indenture.

Section 6.08. Rights and Remedies of Holders. A Holder shall not have any right to institute any suit, action or proceeding for the enforcement of this Indenture, for the execution of any trust hereof, or for the exercise of any other remedy hereunder, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in paragraph (f) of Section 5.02 hereof, or of which it is deemed to have notice under that paragraph,

(b) the Controlling Holders shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name, and shall have offered indemnity to the Trustee as provided in Sections 5.01 and 5.02 hereof, and

(c) the Trustee thereafter shall have failed or refused to exercise the remedies, rights and powers granted herein or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds shall have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of this Indenture by its or their action, or to enforce, except in the manner provided herein, any remedy, right or power hereunder. Any suit, action or proceedings shall be instituted, had and maintained in the manner provided herein for the benefit of the Holders of all Bonds then outstanding. Nothing in this Indenture shall affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

Section 6.09. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any remedy, right or power under this Indenture in any suit, action or proceedings, and the suit, action or proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Issuer and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as if no suit, action or proceedings had been taken.

Section 6.10. Waivers of Events of Default. Except as hereinafter provided, at any time, in its discretion, the Trustee may waive any Event of Default hereunder and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds. The Trustee shall do so upon the written request of the Controlling Holders.

There shall not be so waived, however, any Event of Default described in paragraph (a) or (b) of Section 6.01 hereof or any declaration of acceleration in connection therewith rescinded or annulled, unless at the time of that waiver or rescission and annulment payments of the amounts provided in Section 6.03 hereof for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default shall have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders shall be restored to their former positions and rights hereunder, respectively. No waiver or rescission shall extend to any subsequent or other Event of Default or impair any right consequent thereon.

Article VII

Supplemental Indentures

Section 7.01. Supplemental Indentures Generally. The Issuer and the Trustee may enter into Supplemental Indentures as provided in this Article VII.

Section 7.02. Supplemental Indentures Not Requiring Consent of Holders. Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into Supplemental Indentures for any one or more of the following purposes:

- (a) To cure any ambiguity, inconsistency or formal defect or omission in this Indenture;
- (b) To grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) To assign additional revenues under this Indenture;
- (d) To accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) To add to the covenants, agreements and obligations of the Issuer under this Indenture, other covenants, agreements and obligations to be observed for the protection of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in this Indenture;
- (f) To evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under this Indenture, the Loan Agreement and the Bonds;
- (g) To facilitate (i) the transfer of Bonds held in Book-Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds delivered to a Depository for use in a Book-Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;
- (h) To permit the Trustee to comply with any obligations imposed upon it by law;
- (i) To specify further the duties and responsibilities of the Trustee; and
- (j) To achieve compliance of this Indenture or the Bonds with any applicable federal securities or income tax law.

The provisions of Subsections 7.02(h) and (j) shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to this Indenture or the Bonds.

Section 7.03. Supplemental Indentures Requiring Consent of Holders. Exclusive of Supplemental Indentures to which reference is made in Section 7.02 hereof and subject to the terms, provisions and limitations contained in this Section 7.03, and not otherwise, with the consent of the Controlling Holders, evidenced as provided in this Indenture, and with the consent of the Borrower if required by Section 7.04 hereof, the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of this Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in this Section 7.03 or Section 7.02 hereof shall permit, however, or be construed as permitting:

(a) without the consent of the Holder of each Bond so affected, (i) an extension of the maturity of the principal of or the interest on any Bond or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer shall request that the Trustee execute and deliver any Supplemental Indenture for any of the purposes of this Section 7.03, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by Section 7.04 hereof, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee shall cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee shall not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice required by this Section 7.03. Any failure of that nature shall not affect the validity of the Supplemental Indenture when there has been consent thereto as provided in this Section 7.03. The notice shall set forth briefly the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than sixty (60) days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Controlling Holders (which instrument or document or instruments or documents shall refer to the proposed Supplemental Indenture in the form described in the notice and specifically shall consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture

in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder shall have consented thereto.

Any consent shall be binding upon the Holder of the Bond giving the consent and, anything herein to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds shall have filed their consents to the Supplemental Indenture, the Trustee shall make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement shall be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds outstanding shall have consented to the Supplemental Indenture, as provided in this Section 7.03, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

Section 7.04. Consent of the Borrower. Anything contained herein to the contrary notwithstanding, any Supplemental Indenture executed and delivered in accordance with this Article VII that affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery of that Supplemental Indenture; *provided, however*, that no consent shall be required if the Borrower is the source of an Event of Default under the Loan Agreement.

Section 7.05. Responsibilities of Trustee. Notwithstanding anything else contained herein, the Trustee shall not be required to enter into any Supplemental Indenture, amendment, change or modification which affects the Trustee's own rights, duties or immunities under this Indenture or otherwise.

Section 7.06. Authorization to Trustee; Effect of Supplement. The Trustee is authorized to join with the Issuer in the execution and delivery of any Supplemental Indenture in accordance with this Article VII and to make the further agreements and stipulations which may be contained therein. Thereafter,

- (a) That Supplemental Indenture shall form a part of this Indenture;
- (b) All terms and conditions contained in that Supplemental Indenture as to any provision authorized to be contained therein shall be deemed to be a part of the terms and conditions of this Indenture for any and all purposes;

(c) This Indenture shall be deemed to be modified and amended in accordance with the Supplemental Indenture; and

(d) The respective rights, duties and obligations under this Indenture of the Issuer, the Borrower, the Remarketing Agent, the Trustee and all Holders of Bonds then outstanding shall be determined, exercised and enforced hereunder in a manner which is subject in all respects to those modifications and amendments made by the Supplemental Indenture.

Express reference to any executed and delivered Supplemental Indenture may be made in the text of any Bonds issued thereafter, if that reference is deemed necessary or desirable by the Trustee or the Issuer. A copy of any Supplemental Indenture for which provision is made in this Article VII, except a Supplemental Indenture described in Section 7.02 (g) hereof, shall be mailed to the Holders by the Trustee. The Trustee shall not be required to execute any supplemental indenture containing provisions adverse to the Trustee.

Section 7.07. Opinion of Counsel. The Trustee shall receive, and shall be fully protected in relying upon, an Opinion of Bond Counsel as conclusive evidence that (a) any proposed Supplemental Indenture complies with the provisions of this Indenture, and (b) it is proper for the Trustee to join in the execution of that Supplemental Indenture under the provisions of this Article VII.

Before the Issuer and the Trustee shall enter into any Supplemental Indenture, there shall have been delivered to the Trustee and the Issuer a Favorable Opinion of Bond Counsel.

Section 7.08. Modification by Unanimous Consent. Notwithstanding anything contained elsewhere in this Indenture, the rights and obligations of the Issuer and of the Holders, and the terms and provisions of the Bonds and this Indenture or any Supplemental Indenture, may be modified or altered in any respect with the consent of (a) the Issuer, (b) the Holders of all of the Bonds then outstanding, (c) the Borrower and the Limited Partner and (d) if such modification or alteration contains provisions adverse to the Trustee, as determined by the Trustee, the Trustee.

Article VIII

Defeasance

Section 8.01. Release of Indenture. If (a) all of the outstanding Bonds are paid and discharged, or if there otherwise shall be paid to the Holders of the outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable hereunder or under the Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement and the Note, then this Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and the covenants, agreements and obligations of the Issuer hereunder shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of Section 8.03 hereof if applicable,

(a) the Trustee shall release this Indenture (except for those provisions surviving by reason of Section 8.03 hereof in the event the Bonds are deemed paid and discharged pursuant to Section 8.02 hereof), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of this Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 4.14 hereof, or (ii) to be held by the Trustee under Section 4.13 hereof or otherwise for the payment of Bond Service Charges.

Section 8.02. Payment and Discharge of Bonds. All or any part of the Bonds shall be deemed to have been paid and discharged within the meaning of this Indenture, including without limitation, Section 8.01 hereof, if:

(a) the Trustee as paying agent shall have received, in trust for and irrevocably committed thereto, sufficient Eligible Funds, or

(b) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any Eligible Funds to which reference is made in subparagraph (a) above, without further investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds at their maturity or their redemption date, as the case may be.

Any money held by the Trustee in accordance with the provisions of this Section 8.02 may be invested by the Trustee at the written direction of the Borrower only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the owner of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments held under this Section 8.02 is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for the purposes of this Section 8.02, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.14 hereof for transfers of amounts remaining in the Bond Fund upon the written direction of the Borrower.

If any Bonds shall be deemed paid and discharged pursuant to this Section 8.02, then within fifteen (15) days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice prepared by the Borrower to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall (i) state the

numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, and (ii) set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this Section 8.02.

Section 8.03. Survival of Certain Provisions. Notwithstanding the foregoing, any provisions of this Indenture which relate to the maturity of Bonds, interest payments and dates thereof, exchange, transfer and registration of Bonds, replacement of mutilated, destroyed, lost or stolen Bonds, the safekeeping and cancellation of Bonds, non-presentment of Bonds, the holding of money in trust, and repayments to the Borrower from the Bond Fund, the rebate of money to the United States in accordance with Section 4.09 hereof and the Tax Exemption Agreement, and the rights and duties of the Trustee in connection with all of the foregoing, or which by their terms survive payment and discharge of the Bonds, shall remain in effect and be binding upon the Trustee and the Holders notwithstanding the release and discharge of this Indenture. The provisions of this Article VIII shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee its fees and expenses hereunder shall survive the release, discharge and satisfaction of this Indenture, but shall terminate effective automatically upon payment in full by the Borrower of all fees and expenses owed by the Borrower to the Trustee as of the date of termination of this Indenture.

Article IX

Covenants and Agreements of the Issuer

Section 9.01. Covenants and Agreements of the Issuer. In addition to any other covenants and agreements of the Issuer contained in this Indenture or the Bond Resolution, the Issuer further covenants and agrees with the Holders and the Trustee as follows:

(a) *Payment of Bond Service Charges.* The Issuer will cause all Bond Service Charges to be paid solely from the sources provided herein, on the dates, at the places and in the manner provided in this Indenture; *provided* that the Bond Service Charges are limited obligations of the Issuer payable solely by the Issuer from the Trust Estate, and nothing in this Indenture or the Bonds shall be considered as assigning or pledging any funds or assets of the Issuer other than the Trust Estate.

(b) *Performance of Covenants; Authority; Due Execution.* The Issuer covenants that it will faithfully perform or cause to be performed at all times any and all covenants, undertakings, stipulations and provisions to be performed by the Issuer contained in this Indenture and the other Issuer Documents, in any and every Bond executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Issuer is duly authorized under the laws of the State, including particularly the Act, to issue the Bonds, to execute this Indenture and to pledge the amounts hereby pledged in the manner and to the extent herein set forth. The Issuer further covenants that all action on its part for the issuance of the Bonds and the execution and delivery of the Issuer Documents have been duly and effectively taken, and that the Bonds in the hands of the Holders thereof are and will be valid and enforceable obligations of the Issuer according to the terms thereof and hereof.

(c) *Revenues and Assignment of Revenues.* To the extent within its power, the Issuer will not assign the Revenues or create or authorize to be created any debt, lien or charge thereon, other than the assignment thereof under this Indenture.

(d) *Inspection of Project Books.* All books, instruments and documents in the Issuer's possession relating to the Project and the Revenues shall be open to inspection and copying during reasonable times and upon reasonable notice by any accountants or other agents of the Trustee that the Trustee may designate from time to time.

(e) *Register.* At reasonable times and under reasonable regulations established by the Trustee, the Register may be inspected and copied (at the expense of the person making such copies) by the Borrower, the Limited Partner, the Issuer, the Controlling Holders, or by a designated representative thereof.

(f) *Rights and Enforcement of the Loan Agreement.* The Trustee may enforce, in its name or in the name of the Issuer, all rights of the Issuer for and on behalf of the Holders, except for Reserved Rights, and may enforce all covenants, agreements and obligations of the Borrower under and pursuant to the Loan Agreement, regardless of whether the Issuer is in default in the pursuit or enforcement of those rights, covenants, agreements or obligations. The Issuer, however, will do all things and take all actions on its part necessary to comply with covenants, agreements, obligations, duties and responsibilities on its part to be observed or performed under the Loan Agreement, and will take all actions within its authority to keep the Loan Agreement in effect in accordance with the terms thereof.

Section 9.02. Limited Obligations of the Issuer. NOTWITHSTANDING ANY OTHER PROVISION OF THIS INDENTURE TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE SPONSOR, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE SPONSOR, OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE ISSUER HAS NO TAXING POWER.

Section 9.03. Limitation on Issuer's Obligations. Any other term or provision in this Indenture or the other Financing Documents to the contrary notwithstanding, any and all

obligations (including without limitation, fees, claims, demands, payments, damages, liability, penalties, assessments and the like) of or imposed upon the Issuer are subject to Section 2.04 hereof and the following:

(a) *Waiver of Personal Liability.* No Issuer Indemnified Person shall be individually or personally liable for the payment of any principal, premium, if any, or interest on the Bonds or any costs incidental thereto or any sum hereunder or under the Loan Agreement or be subject to any personal liability or accountability by reason of the execution and delivery of this Indenture or the Loan Agreement except in the case of such Issuer Indemnified Person's own willful misconduct.

(b) *Non-Liability of Issuer.* The Issuer shall not be obligated to pay the principal (or redemption price) of or interest on the Bonds, except from the Trust Estate. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Indenture, the Bonds or the Loan Agreement, except only to the extent amounts are received for the payment thereof from the Borrower under the Loan Agreement, and except as may result solely from the Issuer's own willful misconduct.

(c) *No Obligation to Enforce Assigned Rights.* Notwithstanding anything to the contrary in this Indenture, the Issuer shall have no obligation to and instead the Trustee may, without further direction from the Issuer, take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer under this Indenture and the Loan Agreement (other than the Reserved Rights), including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower under the Loan Agreement.

(d) *Role of Issuer.* The Issuer shall not be required to take any action not expressly provided for herein. The Issuer shall have no obligation to review, control or oversee the activities of the Trustee in collecting any amounts payable pursuant to the Loan Agreement or this Indenture, or in making any payments on the Bonds. Further, the Issuer shall not be obligated to take any action or execute any document which might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer Indemnified Persons.

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

Section 9.04. Issuer Tax Covenants. The Issuer represents, covenants and agrees that it will:

- (a) comply with all applicable requirements of the Code that are necessary to preserve the Federal Tax Status of the Bonds, as further set forth in the Tax Exemption Agreement; and
- (b) not take any action inconsistent with its expectations stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein

Article X

Amendments to Loan Agreement, Note, Tax Regulatory Agreement or Tax Exemption Agreement

Section 10.01. Amendments Not Requiring Consent of Holders. Without the consent of or notice to the Holders, the Issuer, the Borrower, the Limited Partner and the Trustee may enter into or consent to, as applicable, any amendment, change or modification of the Loan Agreement, the Note, the Tax Regulatory Agreement or the Tax Exemption Agreement, as the case may be, as may be required or permitted (a) by the provisions of the Financing Documents, (b) for the purpose of curing any ambiguity, inconsistency or formal defect or omission in the Loan Agreement, the Note, the Tax Regulatory Agreement or the Tax Exemption Agreement, as the case may be, (c) in connection with an amendment or to effect any purpose for which there could be an amendment of this Indenture pursuant to Section 7.02 hereof, or (d) in connection with any other change therein which is not materially prejudicial to the Trustee or the Holders of the Bonds, in the judgment of the Trustee (*provided* that the Trustee is entitled to the advice of counsel or other experts, at its discretion, in making such decision).

Section 10.02. Amendments Requiring Consent of Holders. Except for the amendments, changes or modifications contemplated in Section 10.01 hereof, neither the Issuer nor the Trustee shall consent to:

- (a) any amendment, change or modification of the Loan Agreement or the Note which would change the amount or time as of which Loan Payments and Collateral Payments are required to be paid, without the giving of notice as provided in this Section 10.02 of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of all of the then outstanding Bonds affected by such amendment, change or modification, or
- (b) any other amendment, change or modification of the Loan Agreement, the Note, the Tax Regulatory Agreement or the Tax Exemption Agreement without the giving of notice as provided in this Section 10.02 of the proposed amendment, change or modification and receipt of the written consent thereto of the Holders of the Controlling Holders.

The consent of the Holders shall be obtained as provided in Section 7.03 hereof with respect to Supplemental Indentures.

If the Issuer or an Authorized Borrower Representative shall request at any time the consent of the Trustee to any proposed amendment, change or modification of the Loan Agreement, the Note, the Tax Regulatory Agreement or the Tax Exemption Agreement contemplated in subparagraphs (a) or (b) of this Section 10.02, upon being indemnified satisfactorily with respect to expenses, the Trustee shall cause notice of the proposed amendment, change or modification to be provided in the manner which is required by Section 7.03 hereof with respect to notice of Supplemental Indentures. The notice shall set forth briefly the nature of the proposed amendment, change or modification and shall state that copies of the instrument or document embodying it are on file at the Designated Office of the Trustee for inspection by all Holders.

Section 10.03. Consent of the Borrower. Anything contained herein to the contrary notwithstanding, any of the documents described in Sections 10.01 and 10.02 hereof executed and delivered in accordance with this Article X shall not become effective unless and until the Borrower shall have consented in writing to the execution and delivery thereof.

Section 10.04. Favorable Opinion of Bond Counsel. Before the Issuer and the Trustee shall consent to any amendment, change or modification of any of the documents described in Sections 10.01 and 10.02, there shall be delivered (i) a Favorable Opinion of Bond Counsel to the Trustee and the Issuer and (ii) the Issuer and the Trustee shall be fully protected in relying upon, an Opinion of Bond Counsel as conclusive evidence that any such amendment, change or modification complies with the provisions of this Indenture.

Article XI

Miscellaneous

Section 11.01. Limitation of Rights. With the exception of rights conferred expressly in this Indenture, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any Person other than the parties hereto, the Remarketing Agent, the Borrower, the Limited Partner and the Holders of the Bonds any legal or equitable right, remedy, power or claim under or with respect to this Indenture or any covenants, agreements, conditions and provisions contained herein. This Indenture and all of those covenants, agreements, conditions and provisions are intended to be, and are, for the sole and exclusive benefit of the parties hereto, the Remarketing Agent, the Borrower and the Holders of the Bonds, as provided herein.

Section 11.02. Severability. In case any section or provision of this Indenture, or any covenant, agreement, stipulation, obligation, act or action, or part thereof, made, assumed, entered into or taken under this Indenture, or any application thereof, is held by a court of competent jurisdiction to be illegal or invalid for any reason, or is inoperable at any time, that illegality, invalidity or inoperability shall not affect the remainder thereof or any other section or provision of this Indenture or any other covenant, agreement, stipulation, obligation, act or action, or part

thereof, made, assumed, entered into or taken under this Indenture, all of which shall be construed and enforced at the time as if the illegal, invalid or inoperable portion were not contained therein.

Any illegality, invalidity or inoperability shall not affect any legal, valid and operable section, provision, covenant, agreement, stipulation, obligation, act, action, part or application, all of which shall be deemed to be effective, operative, made, assumed, entered into or taken in the manner and to the full extent permitted by law from time to time.

Section 11.03. Notices. Except as provided in Section 6.02 hereof, it shall be sufficient service or giving of any notice, request, complaint, demand or other instrument or document, if it is duly mailed by first-class mail, postage pre-paid, or is forwarded by overnight courier service, delivery charges pre-paid. Notices to the Issuer, the Borrower, the Limited Partner, the Lender, the Trustee, the Remarketing Agent and the Rating Agency shall be delivered to their respective Notice Address. Copies of all notices required to be sent to the Borrower shall be sent simultaneously to the Limited Partner.

Duplicate copies of each notice, request, complaint, demand or other instrument or document given hereunder by the Issuer, the Trustee, the Borrower or the Limited Partner to one or both of the others also shall be given to the others. In addition to the foregoing, the Trustee hereby agrees to send written notice to the Rating Agency upon the occurrence of any of the following events: (1) any change in the Trustee; (2) any amendment to the documents; (3) any change or notification of the proposed change of the Mandatory Tender Date or the Remarketing Date; (4) any partial payment of any Bond Loan or the giving of notice of the call for redemption (in whole or in part) of the Bonds or (5) any defeasance or acceleration of the Bonds.

The Issuer, the Trustee, the Borrower, the Limited Partner, the Lender, the Remarketing Agent and the Rating Agency may, by notice given hereunder, designate any further or different addresses to which subsequent demands, notices, approvals, consents, requests, opinions or other communications shall be sent or Persons to whose attention the same shall be directed.

In connection with any notice mailed pursuant to the provisions of this Indenture, a certificate of the Trustee, the Issuer, the Borrower, the Limited Partner or the Holders of the Bonds, whichever or whoever mailed that notice, that the notice was so mailed shall be conclusive evidence of the proper mailing of the notice.

Section 11.04. Suspension of Mail and Courier Service. If because of the suspension of delivery of first-class mail or of delivery by overnight courier services, or for any other reason, the Trustee shall be unable to mail by the required class of mail or forward by overnight courier service any notice required to be given by the provisions of this Indenture, the Trustee shall give such notice in such other manner as in the judgment of the Trustee shall most effectively approximate the required mailing or forwarding thereof, and the giving of that notice in that manner for all purposes of this Indenture shall be deemed to be in compliance with the requirement of this Section 11.04. Except as otherwise provided herein, the mailing of any notice shall be deemed complete upon deposit of that notice in the mail and the giving of any notice by any other means of delivery shall be deemed complete upon receipt of the notice by the delivery service.

Section 11.05. Payments Due on Non-Business Days. If any Bond Payment Date is a day other than a Business Day, then payment of interest and principal need not be made by the Trustee on that date, but that payment may be made on the next succeeding Business Day on which the Trustee is open for business with the same force and effect as if that payment were made on the Bond Payment Date, and no interest shall accrue for the period after that date.

Section 11.06. Instruments of Holders. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, required under this Indenture to be executed by any Holder may be in any number of concurrent writings of similar tenor and may be executed by that Holder in person or by an agent or attorney appointed in writing. Proof of (a) the execution of any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, (b) the execution of any writing appointing any agent or attorney, and (c) the ownership of Bonds, shall be sufficient for any of the purposes of this Indenture, if made in the following manner, and if so made, shall be conclusive in favor of the Trustee with regard to any action taken thereunder, namely:

(i) The fact and date of the execution by any person of any writing may be proved by the certificate of any officer in any jurisdiction, who has power by law to take acknowledgments within that jurisdiction, that the person signing the writing acknowledged that execution before that officer, or by affidavit of any witness to that execution; and

(ii) The fact of ownership of Bonds shall be proved by the Register maintained by the Trustee.

Nothing contained herein shall be construed to limit the Trustee to the foregoing proof, and the Trustee may accept any other evidence of the matters stated therein which it deems to be sufficient. Any writing, including without limitation, any consent, request, direction, approval, objection or other instrument or document, of the Holder of any Bond shall bind every future Holder of the same Bond, with respect to anything done or suffered to be done by the Issuer, the Borrower or the Trustee pursuant to that writing.

Section 11.07. Priority of this Indenture. This Indenture shall be superior to any liens which may be placed upon the Revenues or any other funds or accounts created pursuant to this Indenture.

Section 11.08. Binding Effect. This Indenture shall inure to the benefit of and shall be binding upon the Issuer and the Trustee and their respective successors and assigns, subject, however, to the limitations contained herein.

Section 11.09. Counterparts. This Indenture may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 11.10. Patriot Act. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such

as a business entity, a charity, a trust or other legal entity the Trustee will request documentation to verify its formation and existence as a legal entity. Furthermore, if required by the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Title III of Pub. L. No. 107-56. 115 Stat. 272 (2001), as amended, the Trustee may request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Trustee will request any such documentation under this Section 11.10 from the Borrower in accordance with the Loan Agreement and will not request such documentation from the Issuer.

Section 11.11. Governing Law. This Indenture and the Bonds shall be deemed to be contracts made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 11.12. Waiver of Trial by Jury. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

[Signature Pages Follow]

In Witness Whereof, the Issuer and the Trustee have caused this Trust Indenture to be executed and delivered by duly authorized officers thereof as of the day and year first written above.

Manor Housing Public Facility Corporation

By: _____
Dr. Christopher Harvey
President

Attest:

By: _____
Lluvia Almaraz
Secretary

BOKF, NA, as Trustee

By: _____

Rosalyn Davis
Vice President

Exhibit A

Form of Bond

Notice: Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or in such other name as is requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., any transfer, pledge or other use hereof for value or otherwise by or to any person is wrongful since the registered owner hereof, Cede & Co., has an interest herein.

Registered
No. R-_____

Registered
\$[]

**Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024**

This Bond is being issued under the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as Amended. This Bond and the issue of which it forms a part are not general obligations of the Issuer, but are limited obligations payable solely from the moneys and properties pledged for payment thereof. Neither the faith and credit nor the taxing power of the State, the Sponsor, or other political subdivision of the State is pledged to the payment of the principal of or the interest on this Bond.

Interest Rate Maturity Date Dated Date CUSIP

Registered Owner: Cede & Co.

Principal Amount: [_____] Thousand and 00/100 Dollars

The Manor Housing Public Facility Corporation (the “*Issuer*”), a public facility corporation organized and existing under the laws of the State of Texas, for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the Maturity Date specified above (subject to the rights of redemption and tender set forth herein), and to pay from those sources interest on the unpaid principal balance of said Principal Amount calculated at the aforesaid Initial Interest Rate on (a) March 1 and September 1 of each year, beginning March 1, 2025, (b) each Mandatory Tender Date, (c) each Redemption Date, (d) the Maturity Date, and (e) the date of acceleration of the Bonds (the “*Interest Payment Dates*”), until the principal amount is paid or duly provided for. This Bond will bear interest from the most recent date to which

interest has been paid or duly provided for or, if no interest has been paid or duly provided for, from the date of initial delivery.

This Bond shall bear interest at a rate per annum equal to the Interest Rate, calculated on the basis of a 360-day year consisting of twelve 30-day months.

The principal of this Bond is payable upon presentation and surrender hereof at the designated corporate trust office of the trustee, presently BOKF, NA (the “*Trustee*”). Interest is payable on each Interest Payment Date by check or draft mailed to the person in whose name this Bond (or one or more predecessor bonds) is registered (the “*Holder*”) at the close of business on the 15th day of the calendar month next preceding that Interest Payment Date (the “*Regular Record Date*”) on the registration books for this issue maintained by the Trustee, as registrar, at the address appearing therein. Any interest which is not timely paid or duly provided for shall cease to be payable to the Holder hereof (or of one or more predecessor bonds) as of the Regular Record Date and shall be payable to the Holder hereof (or of one or more predecessor bonds) at the close of business on a Special Record Date to be fixed by the Trustee for the payment of that overdue interest. Notice of the Special Record Date shall be mailed to Holders not less than 10 days prior thereto. The principal of and interest on this Bond are payable in lawful money of the United States of America, without deduction for the services of the paying agent. While the Bonds are held in a book-entry system and in certain other circumstances, all as provided in the Indenture, principal of and interest on this Bond is required to be paid by wire transfer or other arrangement, other than any payment of the entire unpaid principal amount hereof.

This Bond is one of a duly authorized issue of the Issuer’s Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Bonds*”), issuable under the Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and the Trustee, in an initial aggregate principal amount of \$60,815,000 and used for the purpose of financing a loan (the “*Loan*”) to be made to Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”). The Loan will be used by the Borrower to pay a portion of the costs of acquiring, constructing, equipping and improving the Project, as defined in the Indenture, and as further described in the Loan Agreement dated as of even date with the Indenture (the “*Loan Agreement*”), between the Issuer and the Borrower. The Bonds are special limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. The Bonds are issued pursuant to, under authority of and in compliance with Texas Local Government Code, Chapter 303, as amended, (the “*Act*”), and a resolution duly enacted by the Board of Directors (the “*Governing Body*”) of the Issuer. Any term used herein but not otherwise defined shall have the meaning ascribed to such term in the Indenture.

The Bonds are subject to redemption and mandatory tender prior to their maturity as follows:

- (a) *Optional and Mandatory Redemption.* The Bonds are subject to optional and mandatory redemption as provided in the Indenture.

(b) *Mandatory Tender.* The Unredeemed Bonds are subject to mandatory tender on each Mandatory Tender Date. Holders will not have the right to elect to retain their Unredeemed Bonds, and any such Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date. Upon presentation and surrender of Unredeemed Bonds by a Holder on the date fixed for tender, such Holder shall be paid the Purchase Price of such Bonds. Accrued interest on such Bonds shall be paid separately on such Mandatory Tender Date, which is an Interest Payment Date, in the usual manner.

Reference is made to the Indenture for a more complete description of the Project, the provisions, among others, with respect to the nature and extent of the security for the Bonds, the rights, duties and obligations of the Issuer, the Trustee and the Holders of the Bonds, and the terms and conditions upon which the Bonds are issued and secured. Each Holder assents, by its acceptance hereof, to all of the provisions of the Indenture.

The Borrower is required by the Loan Agreement to cause the Lender (as defined in the Indenture) to make on its behalf Collateral Payments (as defined in the Indenture) to the Trustee in the amounts and at the times necessary to pay the principal of and interest (the “*Bond Service Charges*”) on the Bonds. In the Indenture, the Issuer has assigned to the Trustee, to provide for the payment of the Bond Service Charges on the Bonds, the Issuer’s right, title and interest in and to the Loan Agreement, except for Reserved Rights as defined in the Indenture. To secure its compliance with certain covenants in the Loan Agreement and in the Tax Exemption Certificate and Agreement dated [October 25], 2024 (the “*Tax Exemption Agreement*”), between the Issuer and the Borrower, the Borrower has executed and delivered the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2024 (the “*Tax Regulatory Agreement*”), among the Issuer, the Borrower and the Trustee.

Copies of the Indenture, the Loan Agreement, the Tax Exemption Agreement and the Tax Regulatory Agreement are on file in the designated corporate trust office of the Trustee.

The Bond Service Charges on the Bonds are payable solely from the Trust Estate, as defined and as provided in the Indenture (being, generally, the amounts payable under the Loan Agreement and the Note in repayment of the Loan, amounts on deposit in the Bond Fund, amounts received as Collateral Payments (as defined in the Indenture) required to be received by the Trustee as a condition to, and in the amount of, the disbursement of amounts on deposit in the Project Fund, and any unexpended proceeds of the Bonds), and are an obligation of the Issuer only to the extent of the Trust Estate. The Bonds are not secured by an obligation or pledge of any money raised by taxation and do not represent or constitute a debt or pledge of the faith and credit of the Issuer.

Notwithstanding any other provision of the Indenture to the contrary, the Issuer shall be obligated to pay the principal of, premium, if any, and interest on, this Bond solely out of the Trust Estate. This Bond shall be a special limited obligation of the Issuer payable solely from the Trust Estate. This Bond shall constitute a valid claim of the respective owners thereof against the security, which is pledged to secure the payment of the principal of, premium, if any, and interest on this Bond and which shall be utilized for no other purpose, except as expressly authorized in

this Indenture. This Bond shall never constitute an indebtedness or general obligation of the Issuer, the State of Texas, the Sponsor, or any other political subdivision of the State of Texas, within the meaning of any constitutional provision or statutory limitation whatsoever. Neither the faith and credit nor the taxing power of the State of Texas, the Sponsor, or any other political subdivision of the State of Texas is pledged to the payment of the principal of this Bond or the interest or any premium thereon or other costs incident thereto. Neither the members of the Board of Directors of the Issuer nor any person executing Bonds shall be liable personally on this Bond by reason of the issuance thereof. The Issuer has no taxing power.

No member, director, officer, agent, employee or attorney of the Issuer, including any person executing the Indenture or the Bonds, shall be liable personally on the Bonds or for any reason relating to the issuance of the Bonds. No recourse shall be had for the payment of the principal of or the interest on the Bonds, or for any claim based on the Bonds, or otherwise in respect of the Bonds, or based on or in respect of the Indenture or any Supplemental Indenture, against any member, director, officer, employee or agent, as such, of the Issuer or any successor, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise, all such liability being, by the acceptance of this Bond and as part of the consideration for the issuance of the Bonds, expressly waived and released.

The Bonds are issuable only as fully registered bonds and, except as hereinafter provided, in printed or typewritten form, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”), which shall be considered to be the Holder for all purposes of the Indenture, including, without limitation, payment by the Issuer of Bond Service Charges, and receipt of notices to, giving of consents by and exercise of rights of, Holders. There shall be a single Bond representing each maturity, and all Bonds shall be immobilized in the custody of DTC or its custodian with the owners of beneficial interests in those Bonds (the “Book-Entry interests”) having no right to receive from the Issuer Bonds in the form of physical securities or certificates. Ownership of Book-Entry interests in the Bonds shall be shown by book-entry on the system maintained and operated by DTC, its participants (the “Participants”) and certain persons acting through the Participants, and transfers of ownership of Book-Entry interests shall be made only by that Book-Entry System, the Issuer and the Trustee having no responsibility therefor. DTC is to maintain records of the positions of Participants in the Bonds, and the Participants and persons acting through Participants are to maintain records of the purchasers and owners of Book-Entry interests in the Bonds. The Bonds as such shall not be transferable or exchangeable, except for transfer to another Depository (as defined in the Indenture) or to another nominee of a Depository, without further action by the Issuer and otherwise at the expense of the Borrower.

If any Depository determines not to continue to act as a Depository for the Bonds for use in a Book-Entry System, the Issuer may attempt to have established a securities depository/Book-Entry System relationship with another qualified Depository under the Indenture. If the Issuer does not or is unable to do so, the Issuer and the Trustee, after the Trustee has made provision for notification of the owners of Book-Entry interests by the then Depository, shall permit withdrawal of the Bonds from the Depository, and authenticate and deliver Bond certificates in fully registered form (in denominations of \$5,000, or any integral multiple of \$1,000 in excess thereof) to the assignees of the Depository or its nominee, all at the cost and expense

(including costs of printing or otherwise preparing and delivering replacement Bond certificates) of those Persons requesting such authentication and delivery, if the event is not the result of Issuer action or inaction (including action at the request of the Borrower).

The Indenture permits certain amendments or supplements to the Indenture, the Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement and the Note not prejudicial to the Holders to be made without the consent of or notice to the Holders, and certain other amendments or supplements thereto to be made with the consent of the Holders of not less than a majority in aggregate principal amount of the Bonds then outstanding.

The Holder of each Bond has only those remedies provided in the Indenture.

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

It is certified and recited that there have been performed and have happened in regular and due form, as required by law, all acts and conditions necessary to be done or performed by the Issuer or to have happened (a) precedent to and in the issuing of the Bonds in order to make them legal, valid and binding special limited obligations of the Issuer, and (b) precedent to and in the execution and delivery of the Indenture and the Loan Agreement.

[Remainder of Page Intentionally Left Blank]

In Witness of the Above, the Issuer has caused this Bond to be to be executed and delivered by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary as of the Dated Date set forth above.

Manor Housing Public Facility Corporation

By: _____
President

Attest:

By: _____
Secretary

Certificate of Authentication

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

BOKF, NA

By: _____
Authorized Officer

Date of Authentication: _____, 2024

Assignment

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

Dated: _____

Signature Guaranteed:

Signature guarantee shall be made by a guarantor institution participating in the Securities Transfer Agent Medallion Program or in such other guarantee program acceptable to the Registrar.

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or any change whatever.

Please insert social security number or other tax identification number of transferee

DTC FAST Rider

Each Bond shall remain in the Trustee's custody subject to the provisions of the FAST Balance Certificate Agreement currently in effect between the Trustee and DTC.

Loan Agreement

between

Manor Housing Public Facility Corporation,
as Issuer

and

Manor Leased Housing Associates I, Limited Partnership,
as Borrower

Relating to

Tower Road Apartments
Manor, Texas

Original Project Loan Principal Amount: \$[60,815,000]

Dated as of October 1, 2024

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Loan Agreement

This Loan Agreement made and entered into as of October 1, 2024 (this “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”), public facility corporation organized and existing under the laws of the State of Texas, and Manor Leased Housing Associates I, Limited Partnership., a Texas limited partnership (the “*Borrower*”), under the following circumstances summarized in the following recitals (the capitalized terms not defined in the recitals being used therein as defined in Article I hereof):

A. Pursuant to the Act, the Borrower has requested, and the Issuer has determined to issue, sell and deliver its Bonds, and to finance a loan with the proceeds derived from the sale thereof to the Borrower to assist in the financing of the Project to be undertaken by the Borrower.

B. To provide and secure amounts to repay the Loan of the Bond proceeds and to obtain disbursements thereof, the Borrower will cause Collateral Payments to be made available to the Trustee from funds provided by the Lender.

C. The Issuer and the Borrower each have full right and lawful authority to enter into this Loan Agreement and to perform and observe the provisions hereof on their respective parts to be performed and observed.

Now, Therefore, in consideration of the premises and the mutual representations and agreements hereinafter contained, the Issuer and the Borrower agree as follows (*provided* that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a general debt of the Issuer or give rise to any pecuniary liability of the Issuer but shall be payable solely out of the Trust Estate created under the Indenture):

Article I

Definitions

Section 1.1. Use of Defined Terms. In addition to the words and terms defined elsewhere in this Loan Agreement, the words and terms in this Loan Agreement shall have the meanings set forth in the Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and the Trustee, the Tax Exemption Agreement or the Tax Regulatory Agreement.

Section 1.2. Interpretation. Any reference herein to the Issuer, to the Governing Body or to any member, director, officer or employee of either includes entities or officials succeeding to their respective functions, duties or responsibilities pursuant to or by operation of law or lawfully performing their functions.

Any reference to a section or provision of any statute of the State or the United States of America includes that section, provision or chapter as amended, modified, revised, supplemented or superseded from time to time; *provided*, that no amendment, modification, revision, supplement or superseding section, provision or chapter shall be applicable solely by reason of this provision,

if it constitutes in any way an impairment of the rights or obligations of the Issuer, the Holders, the Trustee or the Borrower under this Loan Agreement.

Unless the context indicates otherwise, words importing the singular number include the plural number, and vice versa; the terms “hereof,” “hereby,” “herein,” “hereto,” “hereunder” and similar terms refer to this Loan Agreement; and the term “hereafter” means after, and the term “heretofore” means before, the date of delivery of the Bonds. Words of any gender include the correlative words of the other genders, unless the sense indicates otherwise.

Section 1.3. Captions and Headings. The captions and headings in this Loan Agreement are solely for convenience of reference and in no way define, limit or describe the scope or intent of any Articles, Sections, subsections, paragraphs, subparagraphs or clauses hereof.

Article II

Representations

Section 2.1. Representations of the Issuer. (a) The Issuer represents that: (i) it is a public facility corporation organized and existing under laws of the State and particularly the Act; (ii) it has or will have as of the Closing Date duly accomplished all conditions necessary to be accomplished by it prior to the issuance and delivery of the Bonds and the execution and delivery of the Issuer Documents; (iii) it is not in violation of or in conflict with any provisions of the laws of the State that would impair its ability to carry out its obligations contained in the Issuer Documents; (iv) it has the legal right and is empowered to enter into the transactions contemplated by the Issuer Documents; (v) it has duly authorized the execution, delivery and performance of the Issuer Documents; and (vi) it will do all things in its power in order to maintain its existence or assure the assumption of its obligations under the Issuer Documents by any successor public body.

(b) The Issuer will not take any action inconsistent with its expectations stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

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

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

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

(f) The Issuer finds and determines that financing the Project by the issuance of the Bonds will further public purposes under the Act.

Section 2.2. Representations and Covenants of the Borrower. The Borrower represents and covenants that:

(a) The Borrower (i) is a limited partnership duly formed and validly existing under the laws of the State, and (ii) is authorized to own, on a long-term basis, and operate the Project.

(b) It has full power and authority to execute, deliver and perform the Borrower Documents and to enter into and carry out the transactions contemplated by those documents. The execution, delivery and performance of the Borrower Documents do not, and will not, to the Borrower's knowledge, violate any provision of law applicable to the Borrower and do not, and will not, conflict with or result in a default in any material respect under any agreement or instrument to which the Borrower is a party or by which it is bound. The Borrower Documents have, by proper action, been duly authorized, executed and delivered by the Borrower and all steps necessary have been taken to constitute the Borrower Documents valid and binding obligations of the Borrower, enforceable in accordance with their terms except as may be limited by laws relating to bankruptcy, insolvency, reorganization or moratorium or other similar laws affecting creditors' rights and general principles of equity.

(c) The Borrower does not currently operate or conduct any business except as related to the financing, ownership, operation and construction of the Project. The Borrower has no material assets or property other than its anticipated interest in the Project.

(d) The General Partner (i) is a limited liability company duly formed and validly existing under the laws of the State, and (ii) has the requisite legal authority to act as the general partner of the Borrower.

(e) The provision of financial assistance to be made available to it under this Loan Agreement and the commitments therefor made by the Issuer have induced the Borrower to undertake the transactions contemplated by this Loan Agreement.

(f) The Borrower will use and operate the Project as a "public facility" within the meaning of Section 303.003(7) of the Act and in a manner consistent with the Act and in accordance with the Tax Regulatory Agreement, the Tax Exemption Agreement and the Project Certificate for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that

operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code, the Tax Regulatory Agreement, the Tax Exemption Agreement and the Project Certificate.

(g) The Project will be completed in material accordance with the Plans and Specifications and the portion of the Project funded with the proceeds of the Bonds will constitute a qualified residential rental project within the meaning of Section 142(d) of the Code, all as further set forth in the Tax Exemption Agreement, the Tax Regulatory Agreement and the Project Certificate, and will be operated and maintained in such manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other applicable Governmental regulations and as to be consistent with the Act.

(h) The Project will be located wholly within the boundaries of the City of Manor, Texas.

(i) The Borrower has obtained or will obtain all consents, approvals, permits, authorizations and orders of any governmental or regulatory agency that are required to be obtained by the Borrower as a condition precedent to the issuance of the Bonds, the execution and delivery of the Borrower Documents or the performance by the Borrower of its obligations thereunder, or that were or are required for the acquisition, construction and/or operation of the Project.

(j) No litigation at law or in equity or proceeding before any governmental agency involving the Borrower is pending or, to the best of its knowledge, threatened in which any liability of the Borrower is not adequately covered by insurance or in which any judgment or order would have a material adverse effect upon the business or assets of the Borrower or that would affect its existence or authority to do business, the acquisition, construction, equipping or operation of the Project, the validity of any Borrower Documents or the performance of its obligations thereunder.

(k) The Borrower is not in default in the payment of the principal of or interest on any of its indebtedness for borrowed money and is not in material default under any instrument under and subject to which any indebtedness has been incurred, and to the best of the Borrower's knowledge, no event has occurred and is continuing that, under the provisions of any such agreement, with the lapse of time or the giving of notice, or both, would constitute an event of default by the Borrower thereunder.

(l) The Borrower is not in default under or in violation of, and the execution, delivery and compliance by the Borrower with the terms and conditions of the Borrower Documents do not and will not conflict with or constitute or result in a default by the Borrower in any material respect under or violate, (i) the Organizational Documents, (ii) the General Partner's organizational documents, (iii) any agreement or other instrument to which the Borrower is a party or by which it or its assets are bound, or (iv) to the best of its knowledge, any constitutional or statutory provision or order, rule, regulation, decree or

ordinance of any court, government or governmental authority having jurisdiction over the Borrower or its property, and no event has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute or result in such a default or violation.

(m) The Borrower has received and reviewed a copy of the Indenture and approves the terms and conditions thereof and agrees to the terms thereof.

(n) The Borrower has filed or caused to be filed all federal, state and local tax returns that are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.

(o) The Borrower will have a leasehold interest in the land on which the Project is located and will have fee title to the portion of the Project consisting of improvements, and there will be no liens or encumbrances against such property other than the liens contemplated by the Mortgage Loan Documents and other Permitted Liens.

(p) The Borrower understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including, without limitation, the risk of loss of the Project; and that it has not relied on the Issuer or its counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Loan Agreement and the Indenture or otherwise relied on the Issuer or its counsel in any manner.

(q) The Borrower's representations and warranties survive the issuance of the Bonds.

(r) The Borrower's representations and warranties remain operative and in full force and effect regardless of any investigations by or on behalf of the Issuer or the results thereof.

(s) As to enforceability (subject to standard exceptions): (i) this Loan Agreement (to the extent validly assigned to the Trustee pursuant to the Indenture) and the Note will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower by the Trustee in accordance with their terms for the benefit of the Holders of the Bonds, and (ii) the Reserved Rights constitute the legal, valid, and binding agreements of the Borrower enforceable against the Borrower by the Issuer in its own right (or, in the case of indemnification of any Issuer Indemnified Person, by such Issuer Indemnified Person in his, her or its own right) in accordance with their terms.

(t) No written information, exhibit or report furnished to the Issuer by the Borrower in its application for financing or by the Borrower or its representatives in connection with the distribution of the Official Statement or the negotiation of this Loan

Agreement or the other Borrower Documents, regardless of whether the Issuer is a party thereto (including any financial statements, whether audited or unaudited, and any other financial information provided in connection therewith) contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(u) The Project will be operated to provide decent, safe, and sanitary urban or rural housing at rentals that persons of low income can afford and at least 40% of the Project will be occupied at all times by individuals and families whose incomes are not more than 60% of the area median family income and for other valid public purposes.

The Borrower acknowledges that the representations and covenants herein made by the Borrower have been expressly and specifically relied upon by the Issuer in determining to make the Loan to the Borrower and the Loan would not have been made but for such representations and covenants. All material information provided by the Borrower to the Issuer concerning the Project and the Borrower was and is on the date of execution of this Loan Agreement true and correct in all material respects.

Article III

Plan of Financing

Section 3.1. Issuance of Bonds; Application of Proceeds. (a) To provide funds to make the Loan for purposes of assisting the Borrower in paying Project Costs, the Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance, sale and delivery of the Bonds upon receipt by the Trustee of the items listed in Section 2.10 of the Indenture. The Issuer agrees the proceeds of sale of the Bonds will be deposited in accordance with the Indenture.

(b) The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing pursuant to and as set forth in the Indenture. The Borrower hereby approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture. The Borrower agrees to perform fully and faithfully all the duties and obligations which the Issuer has covenanted and agreed to in the Indenture to cause the Borrower to perform.

(c) Pending disbursement pursuant to Section 3.6 hereof, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

Section 3.2. The Loan. The Issuer agrees, upon the terms and conditions herein, to make the Loan to the Borrower with the proceeds received by the Issuer from the sale of the Bonds by causing such proceeds to be deposited with the Trustee for disposition as provided in the Indenture.

The obligation of the Issuer to make the Loan shall be deemed fully discharged upon the deposit of the proceeds of the Bonds with the Trustee. The Loan shall be evidenced by the Note payable to the Trustee.

Section 3.3. Mortgage Loan to Borrower. (a) To provide and secure funds for the repayment of the Loan, and to provide for the delivery of the Collateral Payments, the Borrower shall simultaneously with the execution and delivery hereof, proceed with obtaining the Mortgage Loan and entering into the Disbursement Agreement. In particular, the Borrower will promptly take all necessary actions on its part to (i) close the Mortgage Loan and satisfy all other terms, conditions and requirements of the Lender, and (ii) satisfy all of the terms and conditions set forth in the Disbursement Agreement to provide for the delivery of Collateral Payments under the Disbursement Agreement.

(b) The Borrower represents that the Mortgage Loan will be secured pursuant to the Mortgage Loan Documents.

(c) In connection with the Mortgage Loan, the Borrower shall execute and deliver such documents as reasonably required by the Lender, with such provisions as may be consistent with the terms and provisions of this Loan Agreement.

(d) The Borrower agrees to cooperate with the Lender in any manner reasonably requested.

Section 3.4. Acquisition, Construction, Installation, Equipment and Improvement. The Borrower (a) has acquired or is in the process of acquiring a fee interest in the Project site and shall construct, improve and equip the Project with all reasonable dispatch and in substantial accordance with the Plans and Specifications, (b) shall pay when due all fees, costs and expenses incurred in connection with that acquisition, construction, installation, equipment and improvement from funds made available therefor in accordance with this Loan Agreement or otherwise, except to the extent being contested in good faith, and (c) shall ask, demand, sue for, levy, recover and receive all those sums of money, debts and other demands whatsoever which may be due, owing and payable under the terms of any contract, order, receipt, writing and instruction in connection with the acquisition, construction, improvement and equipping of the Project, and shall enforce the provisions of any contract, agreement, obligation, bond or other performance security with respect thereto. It is understood that the Project is that of the Borrower and any contracts made by the Borrower with respect thereto, whether acquisition contracts, construction contracts or otherwise, or any work to be done by the Borrower on the Project are made or done by the Borrower in its own behalf and not as agent or contractor for the Issuer. The Borrower agrees that it will compensate all workers employed in the construction, improvement and equipping of the Project as required by law.

Section 3.5. Plans and Specifications. The Borrower may revise the Plans and Specifications from time to time, *provided* that no revision shall be made which would change the purpose of the Project to other than purposes permitted by the Act, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Project Certificate.

Section 3.6. Disbursements from the Project Fund. Subject to the provisions below and so long as no Event of Default hereunder has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to Section 7.2 hereof and Section 6.03 of the Indenture, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition, construction, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.
- (b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.
- (c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.
- (d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.
- (e) Subject to the limitations set forth in the Tax Exemption Agreement, Costs of Issuance of the Bonds, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.
- (f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, improvement and equipping of the Project.
- (g) Payment of interest on the Bonds during the construction period.
- (h) Subject to reallocation for federal income tax purposes as described in the Tax Exemption Agreement, payment of interest on the Mortgage Loan.

Any disbursements from the Project Fund for the payment of Project Costs shall be made by the Trustee only upon, but within five (5) days of, the receipt by the Trustee of: (a) a disbursement request in the form attached hereto as *Exhibit B*, on which the Trustee may conclusively rely; and (b) Collateral Payments in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in Section 4.2 hereof. The Borrower hereby acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Lender of the payments or reimbursements requested. Proceeds of the Bonds disbursed pursuant to the provisions of this

Loan Agreement may only be used to pay those Project Costs identified in the Sources and Uses of Funds attached hereto as *Exhibit D*, as it may be amended pursuant to the agreement of the Lender and the Borrower.

Any disbursement for any item not described in, or the cost for which item is other than as described in, the information statement filed by the Issuer in connection with the issuance of the Bonds as required by Section 149(e) of the Code, and in the notice of public hearing pertaining to the Bonds shall be accompanied by an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the Federal Tax Status of the Bonds.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Service Charges.

Notwithstanding any provision of this Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund *plus* Eligible Funds in the Project Fund, *less* the amount of the requested disbursement from the Project Fund, is *at least* equal to the then-outstanding principal amount of the Bonds; *provided, however*, the Trustee shall be permitted to transfer funds from the Project Fund to the Collateral Fund upon the direction of the Borrower in the form set forth on *Exhibit B* hereto, *provided* that the result of such transfer is that the amount of Eligible Funds remaining on deposit in the Project Fund plus Eligible Funds on deposit in the Collateral Fund is at least equal to then outstanding principal amount of the Bonds.

Section 3.7. Disbursement Agreement. The Borrower shall execute the Disbursement Agreement to coordinate the funding of a portion of the Project Costs with proceeds of the Bonds. Pursuant to the Disbursement Agreement, the Lender shall deliver Collateral Payments to the Trustee in conjunction with all or a portion of the advances under the Mortgage Loan in connection with, and as a condition to, disbursement of an equal amount of Bond proceeds from the Project Fund to pay Project Costs pursuant to and consistent with Sections 3.6 and 4.2 hereof and Sections 4.04 and 4.06 of the Indenture.

Section 3.8. Borrower Required to Pay Costs in Event Project Fund Insufficient. If money in the Project Fund is not sufficient to pay all Project Costs, the Borrower, nonetheless, will complete the Project in substantial accordance with the Plans and Specifications and shall pay all such additional Project Costs from its own funds. The Borrower shall pay, or cause to be paid, all Costs of Issuance of the Bonds in excess of the amounts deposited in the Costs of Issuance Fund. The Borrower shall not be entitled to any reimbursement for any such additional Project Costs or payment of Costs of Issuance from the Issuer, the Trustee or any Holder; nor shall it be entitled to any abatement, diminution or postponement of any Loan Payments or other amounts to be paid under this Loan Agreement.

Section 3.9. Completion Date. The Borrower shall notify the Issuer and the Trustee of the Completion Date with respect to the Project by the delivery of a Completion Certificate signed by the Authorized Borrower Representative substantially in the form of *Exhibit C* attached hereto.

The Completion Certificate shall be delivered as promptly as practicable after the occurrence of the events and conditions referred to in paragraphs (a) and (b) of the Completion Certificate.

Section 3.10. Investment of Fund Money. (a) At the written request of the Authorized Borrower Representative, any money held as part of the Special Funds and the Rebate Fund shall be invested or reinvested by the Trustee in Eligible Investments as provided in the Indenture and the Tax Exemption Agreement. Notwithstanding any other provision of this Loan Agreement or any other instrument, the Borrower will take no action, nor shall the Borrower direct the Trustee to take or approve the Trustee taking any action or direct the Trustee to make or approve the Trustee's making any investment or use of proceeds of the Bonds, or any other moneys which may arise out of or in connection with this Loan Agreement, the Indenture or the Project, that would cause the Bonds to be treated as an "arbitrage bond" within the meaning of Section 148 of the Code. In addition, the Issuer and the Borrower covenant and agree to comply with the requirements of Section 148(f) of the Code as it may be applicable to the Bonds or the proceeds derived from the sale of the Bonds or any other moneys which may arise out of, or in connection with, this Loan Agreement, the Indenture or the Project throughout the term of the Bonds. No provision of this Loan Agreement shall be construed to impose upon the Trustee any obligation or responsibility for compliance with Section 148 of the Code or the Regulations promulgated thereunder.

(b) The Borrower acknowledges that regulations of the Comptroller of the Currency grant the right to receive brokerage confirmations of the security transactions as they occur, at no additional cost. To the extent permitted by law, the Borrower hereby notifies the Trustee that no brokerage confirmations need be sent relating to the security transactions as they occur.

Article IV

Loan Payments; Collateral Payments and Additional Payments

Section 4.1. Loan Repayment; Delivery of Note. In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee one Business Day prior to each Bond Payment Date, a Loan Payment in an amount equal to the amount necessary to pay Bond Service Charges due on such Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and this Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund or transferred

thereto from the Collateral Fund or the Project Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under this Loan Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Project Certificate.

So long as no Event of Default has occurred and is continuing hereunder, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be canceled by the Trustee and surrendered to the Borrower.

Section 4.2. Collateral Payments. In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the delivery of Collateral Payments equal to the amount of the proposed disbursement by the Trustee on or before each such disbursement. All such Collateral Payments shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Any such Collateral Payment amounts shall be provided to the Trustee pursuant to a disbursement request executed by Borrower and approved in writing by the Lender (which approval shall not be unreasonably withheld, conditioned or delayed), and the Trustee shall not be responsible for computing any amounts under this Section 4.2.

Section 4.3. Bond Fund and Collateral Fund. The Borrower and the Issuer each acknowledge that neither the Borrower nor the Issuer has any interest in the Bond Fund or the Collateral Fund and any money deposited therein shall be in the custody of and held by the Trustee in trust for the benefit of the Holders until full repayment of the Bonds.

Section 4.4. Additional Payments. The Borrower shall pay as Additional Payments hereunder the following:

(a) Whether out of the proceeds of the Mortgage Loan to the Borrower, or other funds, all Costs of Issuance of the Bonds and all expenses incurred in closing the Mortgage Loan.

(b) To the Trustee, (i) the Ordinary Trustee Fees and Expenses to the extent that the funds available in the Expense Fund under the Indenture for the payment thereof are not sufficient and available therefor and (ii) the Extraordinary Trustee Fees and Expenses.

(c) To the Issuer, the Issuance Fee and the Issuer's Administrative Fee to the extent the funds available in the Expense Fund under the Indenture for the payment thereof are not sufficient and available therefor.

(d) To the Issuer, the Extraordinary Expenses of the Issuer.

(e) All amounts required under Section 3.06 of the Indenture in order to remarket the Bonds, and the Borrower agrees to execute any and all certificates reasonably required by the Issuer, the Trustee or the Remarketing Agent in order to effectuate such remarketing.

(f) All costs of printing any replacement Bonds required to be issued under the Indenture to the extent such costs are not paid by the Holders.

(g) To the extent not paid by the Trustee from the Expense Fund, all of the fees and expenses of the Rebate Analyst (including, but not limited to, the Rebate Analyst Fee) and any other necessary consultant employed by the Borrower, the Trustee or the Issuer in connection with any of the requirements imposed by the Indenture and the Tax Exemption Agreement to the extent funds available under the Indenture are not sufficient and applied therefor. The Borrower shall provide or cause to be provided all information and money (including money necessary to make deposits to the Rebate Fund required by the Tax Exemption Agreement and the fees and expenses of the Rebate Analyst to the extent available money in the Bond Fund under the Indenture are inadequate to pay such amounts) to the Trustee and the Rebate Analyst to enable the Trustee and the Rebate Analyst to comply with the Indenture and the Tax Exemption Agreement.

(h) To the Dissemination Agent, the Dissemination Agent Fee, as well as any other costs, suits, judgments, losses, damages and expenses in order to provide for compliance with the terms of the Continuing Disclosure Agreement, to the extent funds available in the Expense Fund under the Indenture are not sufficient and applied therefor.

(i) To the Remarketing Agent, the Remarketing Agent fee and any Remarketing Expenses.

In the event the Borrower is in default under any provision of any of the Borrower Documents and such default is not cured after expiration of all applicable notice and cure provisions, the Borrower shall be liable to, and upon written demand shall pay to, the Issuer, the Trustee and the Lender all reasonable fees and disbursements of such persons and their agents (including attorneys' fees and expenses) which are reasonably connected therewith or incidental thereto except to the extent such fees and disbursements are paid from money available therefor under the Indenture.

Upon the payment, prepayment, or incurrence of any such cost, expense, or liability described in this Section 4.4 by any such party, the Additional Payments in respect thereof shall be payable upon written demand to the Borrower, which demand shall be accompanied by invoices or other appropriate documentation concerning the nature, amount and incurrence of such cost,

expense or liability. If the Additional Payments payable under this Section 4.4 are not paid upon such demand, such Additional Payments shall bear interest from the date of such payment or the incurrence thereof at the Interest Rate for Advances until the amount due shall have been fully paid.

Except as otherwise provided herein, the obligations of the Borrower under this Section 4.4 shall survive the termination of this Loan Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, unless and until the Borrower has transferred the Project to an unaffiliated entity with the prior written consent of the Issuer, which transferee assumes the obligations of the Borrower pursuant to this Section 4.4.

Section 4.5. Place of Payments. The Borrower shall make or cause to be made all Loan Payments directly to the Trustee at its Designated Office. The Borrower shall direct the Lender to make all Collateral Payments directly to the Trustee at its Designated Office. Additional Payments shall be made by the Borrower directly to the Person to whom or to which they are due.

Section 4.6. Obligations Unconditional. The obligations of the Borrower to make Loan Payments, Additional Payments and any payments required of the Borrower under Section 4.08 of the Indenture shall be absolute and unconditional, and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person; *provided* that the Borrower may contest or dispute the amount of any such obligation arising under Section 4.08 of the Indenture so long as such dispute or contest does not result in an Event of Default under the Indenture.

Section 4.7. Assignment of Agreement and Revenues; Trustee is Third Party Beneficiary. To secure the payment of Bond Service Charges, the Issuer shall assign to the Trustee, by the Indenture, its rights under and interest in this Loan Agreement (except for the Reserved Rights). The Borrower hereby agrees and consents to those assignments. To the extent within its control, the Issuer shall not attempt to further assign, transfer or convey its interest in the Revenues or this Loan Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or Collateral Payments hereunder.

The Trustee shall be a third party beneficiary of this Loan Agreement.

Article V

Additional Agreements and Covenants

Section 5.1. Right of Inspection. At all reasonable times and upon reasonable notice, the Borrower shall allow any duly authorized representative of the Issuer or the Trustee to visit and inspect the Project, to examine and make copies of and from its books of record and account, and to discuss its affairs, finances, and accounts with its officers, and shall furnish to the Issuer and the

Trustee any information reasonably required regarding its business affairs and financial condition within a reasonable time after receipt of written request therefor.

Section 5.2. Borrower to Maintain its Existence; Sale of Project. The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; *provided*, that it may do so if the surviving, resulting or transferee entity assumes in writing all of the obligations of the Borrower under the Borrower Documents. The Borrower shall not take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein.

No sale, assignment or transfer of title to the Project, except as may be otherwise required by the Lender, shall be made unless (a) the Lender consents to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents, *provided* that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder arising prior to such sale, assignment or transfer, and (c) no Event of Default as certified in writing to the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Loan Agreement. The Trustee shall consent to any such assignment or transfer if (i) the Lender notifies it in writing that the Lender has determined that the aforesaid conditions have been satisfied, (ii) the Trustee receives an Opinion of Bond Counsel to the effect that such transfer or assignment would not adversely affect the Federal Tax Status of the Bonds, and (iii) the Trustee receives written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by a purchaser, assignee or transferee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; *provided, however*, the Borrower shall not be released from its obligation (x) to pay or reimburse the fees and expenses of the Issuer and the Trustee incurred prior to such sale, assignment or transfer and (y) to indemnify the Trustee and the Issuer with respect to any obligation, event or action incurred or arising prior to such sale, assignment or transfer to the extent said indemnification is provided in the Borrower Documents. Nothing contained in this Section 5.2 shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Mortgage Loan Documents or the Tax Regulatory Agreement.

Notwithstanding anything to the contrary contained herein or in any other Borrower Document, and subject to the consent of Lender if required by the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee: (i) (a) the transfer by the Investor Limited Partner of its interests in the Borrower in accordance with the terms of the Organizational Documents, (b) the removal of the General Partner in accordance with the Organizational Documents and the replacement thereof with the Investor Limited Partner or any of its affiliates, (c) the transfer of ownership interests in the Investor Limited Partner, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of the Investor Limited Partner in the Borrower to the General Partner, the Class B Limited Partner or any of their affiliates, (e) any transfer of the ownership interests of the General Partner pursuant to the Organizational Documents, and (f) any amendment to the Organizational

Documents to memorialize the transfers or removal described above or that does not negatively impact the Borrower's ability to perform its obligations hereunder. The parties agree that this Section 5.2 shall control to the extent of any conflict in any Borrower Documents.

Section 5.3. Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, THE BORROWER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE ISSUER INDEMNIFIED PERSONS AND THE TRUSTEE INDEMNIFIED PERSONS (COLLECTIVELY, THE "INDEMNIFIED PARTIES"), AGAINST ANY AND ALL FEES, COSTS AND CHARGES, LOSSES, DAMAGES, CLAIMS, ACTIONS, LIABILITIES AND EXPENSES OF ANY CONCEIVABLE NATURE, KIND OR CHARACTER (INCLUDING, WITHOUT LIMITATION, REASONABLE FEES AND EXPENSES OF ATTORNEYS, ACCOUNTANTS, CONSULTANTS AND OTHER EXPERTS, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) TO WHICH THE INDEMNIFIED PARTIES, OR ANY OF THEM, MAY BECOME SUBJECT UNDER OR ANY STATUTORY LAW (INCLUDING FEDERAL OR STATE SECURITIES LAWS) OR AT COMMON LAW OR OTHERWISE, ARISING OUT OF OR BASED UPON OR IN ANY WAY RELATING TO:

(A) THE BONDS, THE INDENTURE, THIS LOAN AGREEMENT OR THE OTHER BORROWER DOCUMENTS OR THE EXECUTION OR AMENDMENT HEREOF OR THEREOF OR IN CONNECTION WITH TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, INCLUDING THE ISSUANCE, REMARKETING, SALE OR RESALE OF THE BONDS;

(B) THE PERFORMANCE AND OBSERVANCE BY OR ON BEHALF OF THE ISSUER OF THOSE THINGS ON THE PART OF THE ISSUER AGREED TO BE PERFORMED OR OBSERVED HEREUNDER AND UNDER THE INDENTURE, THE TAX EXEMPTION AGREEMENT AND THE TAX REGULATORY AGREEMENT;

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

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

(E) ANY VIOLATION OF ANY ENVIRONMENTAL REGULATIONS WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS SUBSTANCES FROM, THE PROJECT OR ANY PART THEREOF;

(F) THE DEFEASANCE AND/OR REDEMPTION, IN WHOLE OR IN PART, OF THE BONDS;

(G) ANY UNTRUE STATEMENT OR MISLEADING STATEMENT OR ALLEGED UNTRUE STATEMENT OR ALLEGED MISLEADING STATEMENT OF A MATERIAL FACT CONTAINED IN THE OFFICIAL STATEMENT (EXCEPT WITH RESPECT TO INFORMATION CONTAINED IN THE SECTIONS OF THE OFFICIAL STATEMENT ENTITLED “THE ISSUER” OR “ABSENCE OF LITIGATION—THE ISSUER”) OR ANY OTHER OFFERING OR DISCLOSURE DOCUMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BONDS OR ANY OF THE DOCUMENTS RELATING TO THE BONDS, OR ANY OMISSION OR ALLEGED OMISSION FROM THE OFFICIAL STATEMENT (EXCEPT WITH RESPECT TO INFORMATION CONTAINED IN THE SECTIONS OF THE OFFICIAL STATEMENT ENTITLED “THE ISSUER” OR “ABSENCE OF LITIGATION—THE ISSUER”) OR ANY OTHER OFFERING OR DISCLOSURE DOCUMENT OR DISCLOSURE OR CONTINUING DISCLOSURE DOCUMENT FOR THE BONDS OF ANY MATERIAL FACT NECESSARY TO BE STATED THEREIN IN ORDER TO MAKE THE STATEMENTS MADE THEREIN, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING;

(H) ANY DECLARATION OF TAXABILITY OF INTEREST ON THE BONDS, OR ALLEGATIONS THAT INTEREST ON THE BONDS IS TAXABLE OR ANY REGULATORY AUDIT OR INQUIRY REGARDING WHETHER INTEREST IN THE BONDS IS TAXABLE;

(I) THE TRUSTEE’S ACCEPTANCE OR ADMINISTRATION OF THE TRUST OF THE INDENTURE, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES THEREUNDER OR UNDER ANY OF THE DOCUMENTS RELATING TO THE BONDS TO WHICH IT IS A PARTY; OR

(J) ANY INJURY TO OR DEATH OF ANY PERSON OR DAMAGE TO PROPERTY IN OR UPON THE PROJECT OR GROWING OUT OF OR CONNECTED WITH THE USE, NONUSE, CONDITION OR OCCUPANCY OF THE PROJECT;

EXCEPT TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE (I) GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT OF A TRUSTEE INDEMNIFIED PERSON OR THE (II) BAD FAITH, FRAUD OR WILLFUL MISCONDUCT OF AN ISSUER INDEMNIFIED PERSON. NOTWITHSTANDING THE FOREGOING, THE ISSUER INDEMNIFIED PERSONS SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THE GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY OF THE ISSUER INDEMNIFIED PERSONS, BUT

NOT FOR ANY LIABILITIES ARISING FROM THE BAD FAITH, FRAUD OR WILLFUL MISCONDUCT OF THE ISSUER INDEMNIFIED PERSONS.

IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT AGAINST ANY INDEMNIFIED PARTY WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT HEREUNDER, THE BORROWER, UPON WRITTEN NOTICE FROM THE INDEMNIFIED PARTY, SHALL ASSUME THE INVESTIGATION AND DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL SELECTED BY THE BORROWER AND REASONABLY ACCEPTABLE TO THE INDEMNIFIED PARTY, AND SHALL ASSUME THE PAYMENT OF ALL EXPENSES RELATED THERETO, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; *PROVIDED* THAT THE INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO REVIEW AND APPROVE OR DISAPPROVE ANY SUCH COMPROMISE OR SETTLEMENT, SUCH APPROVAL NOT TO BE UNREASONABLY WITHHELD, CONDITIONED OR DELAYED. EACH INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDING AND PARTICIPATE IN THE INVESTIGATION AND DEFENSE THEREOF, AND THE BORROWER SHALL PAY THE REASONABLE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL; *PROVIDED, HOWEVER,* THAT SUCH INDEMNIFIED PARTY MAY ONLY EMPLOY SEPARATE COUNSEL AT THE EXPENSE OF THE BORROWER IF A CONFLICT OF INTEREST EXISTS BY REASON OF COMMON REPRESENTATION OR IF ALL PARTIES COMMONLY REPRESENTED DO NOT REASONABLY AGREE AS TO THE ACTION (OR INACTION) OF COUNSEL AND PROVIDED FURTHER THAT THE BORROWER SHALL NOT BE OBLIGATED TO PAY FOR MORE THAN ONE SEPARATE COUNSEL FEE FOR ALL ISSUER INDEMNIFIED PERSONS AND ONE SEPARATE COUNSEL FEE FOR ALL TRUSTEE INDEMNIFIED PERSONS.

THE RIGHTS OF ANY PERSONS TO INDEMNITY HEREUNDER AND RIGHTS TO PAYMENT OF FEES AND REIMBURSEMENT OF EXPENSES SHALL SURVIVE THE FINAL PAYMENT OR DEFEASANCE OF THE BONDS AND IN THE CASE OF THE TRUSTEE ANY RESIGNATION OR REMOVAL. THE PROVISIONS OF THIS SECTION 5.3 SHALL REMAIN VALID AND IN EFFECT NOTWITHSTANDING REPAYMENT OF THE LOAN OR PAYMENT, REDEMPTION OR DEFEASANCE OF THE BONDS OR TERMINATION OF THIS LOAN AGREEMENT OR THE INDENTURE.

Section 5.4. Tax Matters.

(a) *Representations and Covenants.* The Borrower represents, warrants and covenants as follows:

(i) The Borrower will not take any action, or fail to take any action or permit any action to be taken, if any such action or inaction would adversely affect the Federal Tax Status of the Bonds. Without limiting the generality of the foregoing, the Borrower covenants that it will comply with the instructions and requirements of the Tax Exemption Agreement, which is incorporated herein as if set forth fully herein.

(ii) The Borrower will, on a timely basis, provide the Issuer with all necessary information and, with respect to the Borrower's rebate requirement or yield reduction payments (both as may be required under the Tax Exemption Agreement) required to be paid, all necessary funds, in addition to any funds that are then available for such purpose in the Rebate Fund, to enable the Issuer to comply with all arbitrage and rebate requirements of the Code. To that end, the Borrower covenants and agrees to make such payments to the Trustee as are required of it under the Tax Exemption Agreement. The obligation of the Borrower to make such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture and this Loan Agreement.

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

(b) *Continuing Compliance.* The requirements stated in this Section 5.4 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.

Section 5.5. Affirmative Covenants.

(a) *Maintenance of Project.* The Borrower shall maintain and preserve the Project in good working order and condition, ordinary wear and tear and casualty loss excepted, and shall from time to time make all necessary repairs, renewals, replacements, additions and improvements to the Project.

(b) *Keeping of Records and Books of Account.* The Borrower shall keep adequate records and books of account in which complete entries will be made in accordance with the requirements of the Mortgage Loan Documents or indicating deviations therefrom, reflecting all financial transactions.

(c) *Payment of Taxes, Etc.* The Borrower shall promptly pay and discharge or cause to be paid or discharged: all taxes, assessments, fees, and other Governmental charges or levies or imposed upon it or upon any of its properties, income or profits, before the same shall become delinquent; all lawful claims of materialmen, mechanics, carriers, warehousemen, landlords and other similar Persons for labor, materials, supplies and rentals, which if unpaid might by law become a lien upon its properties; any indebtedness heretofore or hereafter incurred by it when due, and discharge, perform and observe covenants, provisions and conditions to be discharged, performed and observed by it in connection therewith, or in connection with any agreement or other instrument relating thereto or in connection with any lien existing at any time upon any of its properties; *provided, however,* that the Borrower shall not be required to pay any of the foregoing if (a) the amount, applicability or validity thereof shall currently be contested in good faith by appropriate proceedings, (b) the Borrower shall have set aside on its books adequate reserves with respect thereto and (c) the title of the Borrower to, and its right to use, its properties is not materially and adversely affected thereby.

(d) *Insurance.* The Borrower shall at all times maintain or cause to be maintained insurance of such types and in such amounts as may be required by the Mortgage Loan Documents.

(e) *Notice of Material Litigation.* The Borrower shall promptly notify the Trustee and the Issuer in writing of any litigation, arbitration proceeding or administrative investigation, inquiry or other proceeding to which it may hereafter become a party or be subject to which may involve any material risk of any material judgment or liability (unless fully covered by insurance) or which may otherwise result in any material adverse change in the business or assets or in the condition, financial or otherwise, of the Borrower or which may materially impair the ability of the Borrower to perform the Borrower Documents, or any other agreement or instrument herein or therein contemplated.

(f) *Notice of Default.* In the event that any Event of Default occurs under this Loan Agreement, the Borrower shall give prompt notice in writing of such happening to the Trustee and the Issuer.

(g) *Performance of Contracts, Etc.* Except to the extent contested in good faith, the Borrower shall perform according to and shall comply with all of its contractual obligations and all requirements of law if nonperformance thereof would materially and adversely affect the business or credit of the Borrower on an individual basis or would materially impair the ability of the Borrower to perform this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note or any other agreement or instrument herein or therein contemplated.

(h) *Notice of Other Matters.* The Borrower shall promptly notify the Trustee and the Issuer in writing of any of the following events:

(i) Any material change with respect to the business, assets, liabilities, financial condition or results of operations of the Borrower other than changes in the ordinary course of business the effects of which have not been materially adverse.

(ii) A default by the Borrower in any material respect under any material agreement to which the Borrower is a party or by which the Borrower or its properties or assets may be bound, giving in each case the details thereof and specifying the action proposed to be taken with respect thereto.

(i) *Cooperation in Perfecting Security Interests, Etc.* The Borrower shall promptly perform such acts as may be reasonably necessary or advisable to perfect and maintain any lien provided for in this Loan Agreement or in any agreement or document contemplated herein or therein, or otherwise to carry out the intent of this Loan Agreement. The Trustee shall not be responsible for the filing of financing statements, any amendments thereto or any continuation statements.

(j) *Environmental Matters.* The Borrower will take and continue to take prompt action to remedy all environmental pollution and contamination, hazardous waste disposal and other environmental cleanup problems, if any, whether or not such cleanup problems have resulted from the order or request of a municipal, state, federal, administrative or judicial authority, or otherwise.

The foregoing covenant shall not constitute or create a waiver of any rights the Borrower may have to pursue any legal rights or remedies against any third party for any environmental claims.

(k) *Patriot Act.* The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the Patriot Act as described in Section 11.10 of the Indenture.

Section 5.6. Negative Covenants.

(a) *Non-discrimination.* The Borrower will not, and will require each contractor, subcontractor and commercial tenant of the Project to covenant that it will not, discriminate by reason of race, color, creed, handicap, national origin or sex in the employment of any Person employed by it in connection with the Project or working in or on the Project. The Borrower will require each manager of the Project to covenant that in the leasing of the Project it will not discriminate by reason of age, race, color, creed, handicap, national origin, sex, marital status, sexual orientation or gender identity, and will not discriminate against persons with minor dependents.

(b) *Nature of Business.* The Borrower will not change the general character of its business as contemplated to be conducted at the date hereof, or engage in any type of business not reasonably related to its business as normally conducted.

Section 5.7. Continuing Disclosure. The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement and acknowledges and agrees that it and not the Issuer shall have the sole obligation for providing continuing disclosure pursuant to Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended. Notwithstanding any other provision of this Loan Agreement or the Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Indenture or a default with respect to the Bonds or the Mortgage Loan Documents.

Section 5.8. Reliance. It is expressly understood and agreed by the parties to this Loan Agreement that: (1) the Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to it by the Trustee, any Holder or the Borrower as to the existence of a fact or state of affairs required under this Loan Agreement to be noticed by the Issuer; (2) the Issuer shall not be under any obligation to perform any recordkeeping or to provide any legal service, it being understood that such services shall be performed by the Trustee or the Borrower (solely to the extent required to be performed under the Bond Documents); and (3) none of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds (apart from the proceeds of Bonds issued under this Indenture) or otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights under this Loan Agreement unless it first shall have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking such action.

Section 5.9. Allocation and Use of Proceeds to Eligible Costs. Notwithstanding anything to the contrary set forth in any of the documents evidencing or securing the Bonds, all of the

proceeds of the Bonds shall, for federal income tax purposes, be (1) allocated on a pro rata basis to each building in the Project and the land on which it is located, and (2) used exclusively to pay costs of the construction of the Project which are includable in the aggregate basis of any building and the land on which the building is located (“*Eligible Costs*”) in a manner such that each building satisfies the requirements of Section 42(h)(4)(B) of the Code. Accordingly, none of the proceeds of the Bonds will be deemed to have been used to pay any of the costs of issuance in connection with the delivery of the Bonds, or to fund any reserve account other to be used to pay Eligible Costs. As set forth in the Tax Exemption Agreement and Project Certificate, the Borrower must account for the final allocation of proceeds (including all investment earnings) to expenditures not later than 18 months after the later of the date the expenditure is paid or the date the Project with respect to which the expenditure is made is placed in service. This allocation must be made in any event by the date 60 days after the retirement of the Bonds.

Section 5.10. [Reserved].

Section 5.11. Qualified Tenants; Maximum Allowable Rents. During the Qualified Project Period (as such term is defined in the Tax Regulatory Agreement), in consideration for and as required by the reservation granted under Chapter 1372 of the Texas Government Code, as amended, the Borrower hereby represents, covenants and agrees that forty percent (40%) of the units in the Project shall be reserved for families and individuals earning not more than sixty percent (60%) of the Median Family Income. Additionally, with respect to any units financed with the proceeds of low income housing tax credits pursuant to Section 42 of the Code, the maximum rent charged by the Borrower for such units shall not exceed thirty percent (30%) of the income for a family whose income equals sixty percent (60%) of the Median Family Income, minus an allowance for utility costs determined by procedures authorized under the federal low-income housing tax credit program. The Borrower agrees that the provisions of this Section 5.11 shall remain in full force and effect for the Qualified Project Period (as defined in the Tax Regulatory Agreement).

Section 5.12. Tenant Income Limits. In order to comply with Section 392.005 of the Texas Housing Authorities Law, Chapter 392, Texas Local Government Code, the Borrower hereby agrees that at least fifty percent (50%) of the units in the Project are for use or are intended to be occupied by families and individuals earning less than eighty percent (80%) of the Median Family Income.

Additionally, during the Qualified Project Period (as defined in the Tax Regulatory Agreement), the Borrower hereby represents, covenants and agrees that in consideration for and as required by the reservation granted under Chapter 1372 of the Texas Government Code, as amended, A (i) fifty percent (50%) of the units in the Project are for use or are intended to be occupied by families and individuals earning less than fifty percent (50%) of the Median Family Income and (ii) the maximum rent charged by the Borrower for fifty percent (50%) of the units in the Project shall not exceed thirty percent (30%) of the income for a family, whose adjusted gross income equals fifty percent (50%) of the median gross income for the area at lease inception, as promulgated by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, minus an allowance for utility costs determined by procedures authorized under the federal low-income housing tax credit program and (B) (i) fifty

percent (50%) of the units in the Project are for use or are intended to be occupied by families and individuals earning less than sixty percent (60%) of the Median Family Income and (ii) the maximum rent charged by the Borrower for all of the units in the Project shall not exceed thirty percent (30%) of the income for a family, whose adjusted gross income equals sixty percent (60%) of the median gross income for the area at lease inception, as promulgated by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, minus an allowance for utility costs determined by procedures authorized under the federal low-income housing tax credit program. In order to comply with Section 303.042 of the Texas Local Government Code, the Borrower hereby agrees that at least 10 percent of the units in the Project are reserved for occupancy as lower income housing units, and that at least 40 percent of the units in the Project are reserved for occupancy as moderate income housing units. For the purposes of this requirement, “lower income housing unit” means a residential unit reserved for occupancy by an individual or family earning not more than 60 percent of the area median income, adjusted for family size as defined by the United States Department of Housing and Urban Development. The term “moderate income housing unit” means a residential unit reserved for occupancy by an individual or family earning not more than 80 percent of the area median income, adjusted for family size, as defined by the United States Department of Housing and Urban Development. The percentage of housing units in each category of housing units that are reserved for occupancy by individuals and families earning less than sixty (60%) of the area median family income and by individuals and families earning less than eighty (80%) of the area median family income, based on the number of bedrooms per unit, shall be the same as the percentage of each category of housing units reserved in the Project as a whole.

The determination of whether an individual or family meets the above income requirements shall be made in accordance with the Tax Regulatory Agreement, including, but not limited to, the treatment of any qualifying tenants who subsequently cease to be of low or moderate income during their tenancy as set forth in Section 3 of the Tax Regulatory Agreement.

Section 5.13. Tax Regulatory Agreement. In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Bonds and to ensure compliance with the Act and other laws of the State, and certain additional requirements of the Issuer, the Borrower has, concurrently with or before the execution and delivery of the Bonds, executed and delivered and will cause to be recorded in the official records of Travis County, Texas, the Tax Regulatory Agreement. The Borrower covenants to observe and perform its obligations under the Tax Regulatory Agreement and will cause the residential units in the Project to be, upon completion of the construction of the Project, rented or available for rental on a basis which satisfies the requirements of the Tax Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws and the Tax Regulatory Agreement. The Project, when constructed, will meet the requirements of this Loan Agreement and the Tax Regulatory Agreement and any applicable requirements of the Act and the Code.

The Borrower covenants to file, or cause to be filed, of record the Tax Regulatory Agreement and such other documents and take such other steps as are necessary in order to ensure that the restrictions contained in the Tax Regulatory Agreement will, subject to the terms of the Tax Regulatory Agreement, be binding upon all owners of the Project. The Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any

interest in the Project to another to the end that such transferee has notice of, and is bound by, such restrictions.

Article VI

Prepayment and Remarketing

Section 6.1. Prepayment. The Loan is subject to optional prepayment by the Borrower according to the same terms and conditions of the Bonds set forth in Section 3.01 of the Indenture; *provided, however,* that under no circumstances shall the Loan be prepaid or direction given by an Authorized Borrower Representative to redeem Bonds pursuant to Section 3.01(a) of the Indenture prior to the placement in service of the Project unless the Borrower reasonably determines that the Project will not be completed.

Section 6.2. Remarketing of Bonds. The Borrower is hereby granted the right to (a) give notice of a remarketing of the Bonds in the manner and to the extent set forth in the Indenture, and (b) designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in the Indenture.

Section 6.3. Borrower's Obligations Upon Tender of Bonds. If any Unredeemed Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Special Funds for the purpose of paying the redemption price of the Bonds pursuant to the Indenture, the Borrower will cause to be paid to the Trustee as set forth in the Indenture Eligible Funds equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

Section 6.4. Option to Terminate. The Borrower shall have the option to cancel or terminate this Loan Agreement at any time when the Indenture shall have been released in accordance with its provisions. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the Issuer and the Trustee at least five (5) days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section 6.4 shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Article VII

Events of Default and Remedies

Section 7.1. Events of Default. Each of the following shall be an Event of Default hereunder:

- (a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts credited as paid and/or transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on such date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Loan Agreement and the continuation of such failure for a period of thirty (30) days after written notice thereof shall have been given to the Borrower by the Issuer or the Trustee, or for such longer period as the Issuer (with respect to the Reserved Rights) and the Trustee may agree to in writing; *provided*, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower or the Investor Limited Partner institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismitted and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with this Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” as defined in the Indenture.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; *provided* that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage,

malfunction or accident to facilities, machinery, transmission pipes or canals; or partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal or state bankruptcy, insolvency, reorganization or similar law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, insolvency, liquidation or reorganization proceedings.

Section 7.2. Remedies on Default. Whenever an Event of Default shall have happened and be continuing, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 6.03 of the Indenture, the Trustee shall declare all Loan Payments to be due and payable together with any other amounts payable by the Borrower under this Loan Agreement and the Note, whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in this Loan Agreement or any other Financing Document;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer (with respect to the Reserved Rights) or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Loan Agreement, the Tax Exemption Agreement and the Tax Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until satisfactory indemnity has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section 7.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 4.14 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section 7.2 are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section 7.2 and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, *provided* that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Notwithstanding anything in this Loan Agreement to the contrary, the Issuer shall have the right to independently enforce the Reserved Rights and shall not be required to obtain the consent of the Trustee, the Holders or any other person or entity in order to enforce any of the Reserved Rights.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Trustee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default should occur and the Issuer or the Trustee should incur expenses, including reasonable attorneys' fees and expenses, in connection with the enforcement of this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the reasonable expenses so incurred upon demand.

Section 7.5. No Waiver. No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision hereof.

Section 7.6. Notice of Default. The Borrower shall notify the Trustee and the Issuer immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Section 7.7. Investor Limited Partner's Cure Rights. 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 cured by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

Article VIII

Miscellaneous

Section 8.1. Term of Agreement. This Loan Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holder until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Loan Agreement and the Note shall have been paid, except for obligations of the Borrower under Sections 4.4, 5.3 and 5.4 hereof, which shall survive any termination of this Loan Agreement as provided herein.

Section 8.2. Amounts Remaining in Funds. Any amounts remaining in the Bond Fund, the Project Fund and the Collateral Fund after all of the outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Loan Agreement, the Note and the Indenture have been paid, shall be paid as provided in Section 4.14 of the Indenture.

Section 8.3. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Investor Limited Partner, the Lender or the Trustee shall also be given to the others. The Borrower, the Issuer, the Lender, the Investor Limited Partner and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.4. Certain Provisions Required by the Issuer.

(a) *Non-Liability of the Issuer.* The Issuer shall not be obligated to pay the Bond Service Charges on the Bonds or any costs incidental thereto, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State, the Sponsoring Political Subdivisions or any other political subdivision thereof, nor the faith and credit of the Issuer, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or any costs incidental thereto. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement, and except as may result solely from the Issuer's own willful misconduct.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds is the Trust Estate, and hereby agrees that if the payments to be made under this Loan Agreement shall ever prove insufficient to pay all principal, premium, if any, and interest on the

Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon written notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium, if any, or interest when due, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

(b) *Waiver of Personal Liability.* None of the Issuer Indemnified Persons shall be individually or personally liable for the payment of any Bond Service Charges on the Bonds or any costs incidental thereto or any sum hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement or the Indenture except in the case of such Issuer Indemnified Person's own willful misconduct.

(c) *No Obligation to Enforce Assigned Rights.* Notwithstanding anything to the contrary in this Loan Agreement, the Issuer shall have no obligation to and instead the Trustee may, without further direction from the Issuer, take any and all steps, actions and proceedings, to enforce any or all rights of the Issuer (other than the Reserved Rights and any other rights specifically retained by the Issuer pursuant to the Indenture) under the Indenture or this Loan Agreement, including, without limitation, the rights to enforce the remedies upon the occurrence and continuation of an Event of Default and the obligations of the Borrower hereunder.

(d) *Issuer's Performance.* None of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate, or unless the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any administrative service with respect to the Bonds or the Project (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Loan Agreement, the Indenture, and any and every Bond executed, authenticated and delivered under the Indenture; *provided, however*, that (i) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee; and (ii) the Issuer shall have received in a timely manner the instrument to be executed, in form and substance satisfactory to the Issuer.

(e) *No Violations of Law.* Any other term or provision in this Loan Agreement to the contrary notwithstanding, in no event shall this Loan Agreement be construed as depriving the Issuer of any right or privilege or requiring it or any member, agent, employee, representative or advisor to take or omit to take or permit or suffer the taking of any action by itself or by anyone else which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

(f) *Reliance.* It is expressly understood and agreed by the parties to this Loan Agreement that: Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Holder or the Borrower as to the existence of a fact or state of affairs required under this Loan Agreement to be noticed by the Issuer.

Section 8.5. Limited Liability of Borrower. Anything in this Loan Agreement to the contrary notwithstanding, the monetary obligations of the Borrower contained in this Loan Agreement (except for fees, payments and indemnification under Sections 4.4, 5.3 and 7.4 hereof) shall be limited obligations payable solely from the income and assets of the Project and neither the Borrower nor partner, manager, member, director, official or officer of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower or claim against the Borrower, arising out of this Loan Agreement. Notwithstanding anything contained in this Loan Agreement to the contrary, neither the Issuer nor the Trustee may assert any claim arising hereunder against the Borrower's interest in the Project, any reserve or deposit made with the Lender in connection with the Mortgage Loan, or in the rents or other income of the Project for the payment of any charge or obligation due hereunder except to the extent available from then currently available "Surplus Cash" as that term is defined in the Mortgage Loan Documents.

Section 8.6. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower, the Trustee and their respective permitted successors and assigns *provided* that this Loan Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Service Charges. This Loan Agreement may be enforced only by the parties, their permitted assignees and others who may, by law, stand in their respective places.

Section 8.7. Amendments and Supplements. Except as otherwise expressly provided in this Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article X of the Indenture, as applicable.

Section 8.8. Execution Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.9. Severability. If any provision of this Loan Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be

effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.10. Governing Law. This Loan Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 8.11. Survival of Provisions. The provisions of this Loan Agreement and the Indenture and any other document in connection with the issuance of the Bonds to which the Issuer is a party concerning (i) the tax-exempt status of the Bonds; (ii) the interpretation of this Loan Agreement; (iii) governing law; (iv) the Issuer's right to rely on written representations of others contained herein or in any other document, regardless of whether the Issuer is a party thereto; (v) the immunity, right to indemnification and lack of pecuniary liability of the Issuer Indemnified Persons and Trustee Indemnified Persons; and (vi) any other provision of this Loan Agreement not described or enumerated above that expressly provides for its survival, shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Bonds, the discharge of the Indenture, the termination or expiration of this Loan Agreement and the resignation or removal of the Trustee.

[Signature Pages Follow]

In Witness Whereof, the Issuer and the Borrower have caused this Loan Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

Manor Housing Public Facility Corporation

By: _____
Dr. Christopher Harvey
President

Attest:

By: _____
Lluvia Almaraz
Secretary

Manor Leased Housing Associates I, Limited
Partnership, a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas
limited liability company, its General
Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Exhibit A

Form of Note

This Note has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.

[\$60,815,000]

October 1, 2024

Manor Leased Housing Associates I, Limited Partnership., a Texas limited partnership (the “*Borrower*”), for value received, promises to pay in installments to BOKF, as trustee (the “*Trustee*”) under the Indenture hereinafter referred to, the principal amount of

[Sixty Million Eight Hundred Fifteen Thousand and 00/100 Dollars (\$60,815,000)]

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of []% per annum, to but not including the Mandatory Tender Date, and at the Remarketing Rate from and after the Mandatory Tender Date until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before March 1, 20[]. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid on (a) March 1 and September 1 of each year, commencing March 1, 2025, (b) each Redemption Date, (c) each Mandatory Tender Date, and (d) the date of acceleration of the Bonds (the “*Interest Payment Dates*”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the hereinafter defined Indenture.

This Note has been executed and delivered by the Borrower to the Trustee, as assignee of the Issuer, pursuant to a certain Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”) and the Borrower.

Under the Loan Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of the Issuer’s \$[60,815,000] Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Bonds*”) to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments (“*Loan Payments*”) at the times and in the amounts set forth in this Note for application to the payment of Bond Service Charges on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments on each Interest Payment Date in an amount equal to the Bond Service Charges on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments

on any other date on which any Bond Service Charges on the Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited in the Bond Fund created by the Indenture.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article VI of the Loan Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Loan Agreement or the Indenture.

Whenever an Event of Default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.03 of the Indenture, the unpaid principal amount of and accrued interest on this Note shall also be due and payable on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; *provided* that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 8.5 of the Loan Agreement.

The Borrower, the Trustee and the Issuer acknowledge that this Note, and all Borrower's obligations hereunder, are subject and subordinate to the Mortgage Loan Documents. In addition, (1) the indebtedness evidenced by this Note and all other documents evidencing or securing this Note (collectively, the "*Bond Loan Documents*") are and shall be subordinated in right of payment, to the prior payment in full of the indebtedness evidenced by the Mortgage Loan Documents, and (2) the Bond Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made.

In the event of any conflict between the provisions of (i) this Note or the Bond Loan Documents and (ii) the provisions of the Mortgage Loan Documents, the provisions of the Mortgage Loan Documents shall control.

Enforcement of the covenants in the Bond Documents will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

[Remainder of Page Intentionally Left Blank]

In Witness Whereof, the Borrower has caused this Note to be executed in its name as of the date first above written.

Manor Leased Housing Associates I, Limited
Partnership., a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas
limited liability company, its General
Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Exhibit B

Form of Disbursement Request

Statement No. _____ requesting disbursement of funds from Project Fund pursuant to Section 3.6 of the Loan Agreement

Pursuant to Section 3.6 of the Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”) and THF Little Elm Leased Housing Associates II, L.P., a Texas limited partnership (the “*Borrower*”), the undersigned Authorized Borrower Representative hereby requests and authorizes BOKF, NA, as trustee (the “*Trustee*”), as depository of the Project Fund created by the Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and the Trustee, to pay [to the Borrower] [to [Lender], as Lender] [or to the Person(s) listed on the Disbursement Schedule hereto] out of the money deposited in the Project Fund the aggregate sum of \$_____ to pay the costs of the items listed in the Disbursement Schedule. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture and in the Tax Exemption Agreement.

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

- (a) Each item for which disbursement is requested hereunder is properly payable out of the Project Fund in accordance with the terms and conditions of the Loan Agreement and none of those items has formed the basis for any disbursement heretofore made from said Project Fund.
- (b) Each such item is or was incurred in connection with the acquisition, construction, installation, equipment or improvement of the Project.
- (c) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics’ or other liens with respect to each item for which disbursement is requested hereunder.
- (d) After taking into account the proposed disbursement,
 - (i) no more than 5% of the Net Proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;
 - (ii) less than 25% of the Net Proceeds of the Bonds will have been used for the cost of acquiring land; and
 - (iii) not more than 2% of the Net Proceeds of the Bonds will have been used for Costs of Issuance.

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

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

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

[Remainder of Page Intentionally Left Blank]

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

This ____ day of _____, 20__.

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas limited liability company, its General Partner

By: Manor Housing Public Facility Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Approved:

Manor Housing Public Facility Corporation, a public facility corporation

By: _____
Name: _____
Authorized Lender Representative

Disbursement Schedule

To Statement No. _____ requesting and authorizing disbursement of funds from Project Fund pursuant to Section 3.6 of the Loan Agreement

Exhibit C**Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024****Completion Certificate**

Pursuant to Section 3.9 of the Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”) and Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”), and relating to the above-captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings ascribed thereto in the Loan Agreement):

- (a) The construction of the Project was substantially completed and available and suitable for use as multifamily housing on _____.
- (b) The acquisition, construction, equipping and improvement of the Project and those other facilities have been accomplished in such a manner as to conform in all material respects with all applicable zoning, planning, building, environmental and other similar governmental regulations.
- (c) The costs of the Project financed with the Loan were \$_____.
- (d) At least 95% of the proceeds of the Bonds were expended for Qualified Project Costs or remain unspent and will be applied to the redemption of the Bonds.
- (e) This Certificate is given without prejudice to any rights against third parties that now exist or subsequently may come into being.

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In Witness Whereof, the Authorized Borrower Representative has set his or her hand as of the ____ day of _____, 20__.

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas limited liability company, its General Partner

By: Manor Housing Public Facility Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Exhibit D

Sources and Uses of Funds* **

Sources:

Sale Proceeds of Bonds (par of \$[] plus, a premium of \$[]) \$ _____

Total \$[]

Uses:

Project Costs (including Reimbursed Expenditures in the amount of \$[])** \$ _____

Total \$ _____

* Accrued interest, if any, is excluded.

** In addition, \$0 will be deposited into the Negative Arbitrage Account at Closing.

*** Includes land acquisition costs of \$[].

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and Among

MANOR HOUSING PUBLIC FACILITY CORPORATION,
as Issuer

MANOR LEASED HOUSING ASSOCIATES I, LIMITED PARTNERSHIP,
as Borrower

and

BOKF, NA,
as Trustee

Relating to:

\$60,815,000

Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments), Series 2024

and

\$4,000,000

Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments), Series 2024

Dated as of October 1, 2024

Recording Requested By and When
Recorded Send to:

Bickerstaff Heath Delgado Acosta LLP

1601 S. MoPac Expy, Suite C400
Austin, Texas 78746
Attention: Gregory Miller

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Regulatory Agreement and Declaration of Restrictive Covenants

This Regulatory Agreement and Declaration of Restrictive Covenants (including the Exhibits attached hereto) dated as October 1, 2024 (as amended, modified or supplemented from time to time, this “*Regulatory Agreement*”), is entered into by and among Manor Housing Public Facility Corporation, a public facility corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the “*Issuer*”), Manor Leased Housing Associates I, Limited Partnership, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the “*Borrower*”) and BOKF, NA, a national banking association, as Trustee (the “*Trustee*”).

Witnesseth:

Whereas, the Borrower will be the owner of a building and related improvements, furnishings, equipment and related property to be installed therein, located in the City of Manor, Travis County, Texas, on the real property legally described in *Exhibit A* attached hereto and made a part hereof (the “*Project Site*” or the “*Land*”), comprising 324 units of housing for residential rental purposes, all of such units which are intended to be rented to individuals and families of low or moderate income (such building, improvements, furnishings, equipment and related property being collectively referred to as the “*Project Facilities*” and, together with the Project Site, the “*Development*”); and

Whereas, the acquisition, construction and equipping of the Development will be financed in part from a portion of the proceeds of the sale of the Issuer’s Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, issued in the aggregate principal amount of \$60,815,000 and Issuer’s Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, issued in the aggregate principal amount of \$4,000,000 (together, the “*Bonds*”), pursuant to that certain Trust Indenture, dated as of October 1, 2024, between Issuer and the Trustee, and that certain Subordinate Trust Indenture, dated as of October 1, 2024, between Issuer and the Trustee (together, the “*Indenture*”) and pursuant to the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”); and

Whereas, interest on the Bonds is excludable from gross income of the owners thereof for federal tax purposes, *provided*, among other things, the Development continuously complies with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “*Code*”), and the regulations promulgated thereunder (the “*Regulations*”); and

Whereas, compliance of the Development with the requirements of Section 142(d) of the Code and the Regulations for treatment of the loan evidenced by the Bonds as an “exempt facility bond” used to provide a qualified residential rental project (as defined therein) is within the control of the Borrower; and

Whereas, it is necessary for the Borrower to agree to this Regulatory Agreement, and thereby consent to be regulated as herein set forth to preserve the exclusion of interest on the Bonds from gross income of the owners thereof under Section 103(a) of the Code and the Regulations.

Now, Therefore, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Issuer, the Borrower and the Trustee hereby agree, as follows:

Section 1. Term of Restrictions. (a) *Occupancy Restrictions:* The term of the Occupancy Restrictions set forth in Section 3 hereof (the “*Occupancy Restrictions*”) with respect to the Development shall commence on the first day after the acquisition, construction and installation of the Development by the Borrower on which at least ten percent (10%) of the residential units in the Development are first occupied and end with respect to the Development on the latest of the date which is fifteen (15) years after the date on which 50 percent of the residential units in the project are occupied, (ii) which is the first day on which the Bonds or other tax-exempt private activity bonds (as defined in Section 141(a) of the Code) or similar tax-exempt financing instrument issued with respect to the Development are not outstanding (including any refunding of any such obligations) or (iii) on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates (which Occupancy Restrictions period is hereinafter referred to as the “*Qualified Project Period*” for the Development). Notwithstanding any provision in this Agreement to the contrary, the restrictions set forth in Sections 3(g) hereof shall remain in effect for so long as an affiliate of the Issuer is acting as the general partner of the Borrower or of any subsequent owner of the Project Facilities.

(b) *Rental Restrictions:* The Rental Restrictions set forth in Section 4 hereof (the “*Rental Restrictions*”) with respect to the Development shall remain in effect during the Qualified Project Period for the Development set forth in paragraph (a) of this Section 1.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 1, this Regulatory Agreement and all other restrictions hereunder shall cease to apply in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Trustee from enforcing the provisions of this Regulatory Agreement, or condemnation or similar event, *provided* that within a reasonable time period either (i) the Bonds is retired; or (ii) any insurance proceeds or condemnation award or other amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142 of the Code and applicable Regulations, or any successor law or regulation. However, the provisions of this subsection (c) shall cease to apply (and the provisions of subsections (a) and (b) shall apply for the remainder of the Qualified Project Period) in the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or any transferee or assignee of the Development or a related person to any of the foregoing (as defined in Section 147(a)(2) of the Code) (a “*Related Person*”) obtains an ownership interest in the Development for federal tax purposes.

(d) This Regulatory Agreement shall terminate with respect to the Development upon the earlier of (i) termination of the Occupancy Restrictions and the Rental Restrictions, as provided in subsections (a) and (b) of this Section 1 for the Development, or (ii) termination pursuant to the provisions of subsection (c) of this Section 1 for the Development or (iii) delivery to the Issuer, the Borrower and the Trustee of an opinion of a nationally recognized municipal bond counsel (“*Bond Counsel*”) in form and substance satisfactory to the Issuer to the effect that continued compliance with the Rental Restrictions and the Occupancy Restrictions for the Development is not required in order for interest on the Bonds to remain excludable from gross income of the owners of the Bonds for federal income tax purposes. Notwithstanding anything to the contrary contained herein, Section 9 hereof shall survive the termination of this Regulatory Agreement, retirement of the Bonds, discharge of the Loan (as defined in the Indenture, termination of the Loan Agreement (as hereinafter defined), defeasance or termination of the Indenture, and the resignation or removal of the Trustee.

(e) Upon delivery by the Borrower to the Issuer and the Trustee of an opinion of independent counsel acceptable to the Issuer that the conditions to termination of this Regulatory Agreement have been met, the Issuer and the Trustee shall, upon request by the Borrower or its assigns, file any documentation necessary to remove this Regulatory Agreement from the real estate records of Travis County, Texas.

Section 2. Development Restrictions. The Borrower represents and warrants as of the date hereof, and covenants that:

(a) The Borrower has reviewed the provisions of this Regulatory Agreement with its counsel and understands said provisions.

(b) Any functionally related and subordinate facilities (*e.g.*, parking areas, laundry facilities, tenant offices, physical therapy rooms, dining rooms, meeting rooms, common areas, swimming pools, tennis courts, etc.) (the “*Related Facilities*”) to the Development will be made available to all tenants of the Development on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Development be discriminatory or exclusionary as to the low-income tenants of the Development. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis.

(c) For the Qualified Project Period, the Borrower shall not: (1) except upon a sale or transfer of the Development in accordance with the terms of this Regulatory Agreement, the Loan Agreement (as hereinafter defined) or the Security Instrument (as defined in the Indenture), encumber any portion of the Development or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Development (except for apartment leases), it being understood that the terms of the financing will be subordinate to this Regulatory Agreement or (2) demolish any part of the Development or substantially subtract from any real or personal property of the Development; *provided*, that nothing herein shall prohibit the Borrower from granting

operating leases and/or licenses of those facilities constituting part of the Development which are functionally related and subordinate to the residential units, such as laundry or recreational facilities, for the purpose of providing for the operation of such facilities for the benefit of the Development.

(d) For the Qualified Project Period, the Borrower shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement and shall correct any noncompliance within sixty (60) days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence.

(e) The Borrower shall cause the Development to meet the requirements of this Regulatory Agreement.

(f) Upon completion of construction, the Development will consist of a building or structure or several proximate buildings or structures of similar construction each containing one or more similarly constructed residential units located on a single tract of land or contiguous tracts of land which are owned, for federal tax purposes, at all times by one person or entity, and may include facilities functionally related and subordinate thereto. Each such building or structure will be a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof and containing five (5) or more similarly constructed units, or if such building does not contain at least five (5) or more similarly constructed units, no unit in such building will be occupied by an owner or manager of any units in the Development.

(g) All of the units in the Development will contain complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Each unit will contain a kitchen that includes a stove, cooking range, full-size refrigerator and sink.

(h) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

Section 3. Occupancy Restrictions and Affirmative Obligations. Pursuant to Section 142 of the Code, the Issuer has elected, and the Borrower hereby agrees, that the requirements of subparagraph B of such Section 142(d)(1) of the Code shall apply to the Development. The Borrower represents, warrants and covenants that:

(a) At all times during the Qualified Project Period, at least forty percent (40%) of the completed residential units in the Development shall be continuously occupied (or, only after the initial occupancy thereof, treated as occupied as provided herein) by individuals whose aggregate adjusted income (computed in the manner described in Section 1.167(k)-3(b)(3) of the Regulations, prior to its removal by T.D. 8474, 1993-1 C.B. 242) (hereinafter, "*Adjusted Gross Income*") does not exceed sixty percent (60%) of the median gross income, adjusted for family size, for the area in which the Development is located, determined in a manner consistent with determinations of lower income families and median gross income under Section 8 of the United States Housing Act of 1937, as

amended, as adjusted under Section 142(d)(2)(E) (a “*Qualifying Tenant*”); *provided*, that if all the occupants of a unit are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that unit shall not be deemed to be “Qualifying Tenants.” The determination of whether an individual or family meets the income requirement set out above shall be made at the earlier of the time occupancy commences or the execution of the current lease with respect thereto and on an annual basis thereafter and shall be based upon Income Certifications (as hereinafter defined). Any residential unit occupied by an individual or family who is a Qualifying Tenant shall continue to be treated as occupied by a Qualifying Tenant during their tenancy in such unit, even though they subsequently cease to be of low or moderate income, unless the most recent determination of their income indicates that their income exceeds one hundred and forty percent (140%) of the applicable income limit (whether as a result of an increase in income or a decrease in family size or otherwise) and after such determination but before the next determination any residential unit of comparable or smaller size in the Development is occupied by a new resident whose income exceeds the then applicable income limit. Any residential unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period not to exceed thirty-one (31) days, at which time the character of such unit with respect to occupancy by a Qualifying Tenant shall be redetermined. In applying the foregoing forty percent (40%) requirement, 0.40 shall be multiplied by the total number of completed residential units, and if the resulting number contains a fraction, it shall be rounded up to the next highest whole unit.

(b) As a condition to occupancy, each individual or family who is intended to be a Qualifying Tenant shall, prior to occupying a residential unit or signing a lease, be required to sign and deliver to the Borrower, a “Certification of Income” attached hereto as *Exhibit B* (the “*Income Certification*”) in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, said tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. In addition, such Qualifying Tenant shall be required to provide whatever other information, documents or certifications, including employment verifications and income tax returns, as are reasonably deemed necessary by the Borrower or the Issuer to substantiate the initial or subsequent Income Certification.

(c) The Borrower shall use or cause to be used, in renting any residential units in the Development to a prospective Qualifying Tenant, a lease that provides for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of Texas law, for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

(d) All Income Certifications will be maintained on file at the Development so long as the Bonds is outstanding and for five (5) years thereafter with respect to each Qualifying Tenant who occupied a residential unit in the Development during the period the restrictions hereunder are applicable, and the Borrower shall, upon three (3) Business

Days prior request, make such Income Certifications available for inspection by the Trustee and the Issuer.

(e) On the tenth day of the month after any residential unit in the Development is available for occupancy and the tenth day of each calendar quarter thereafter, the Borrower will submit to the Issuer, with a copy to the Trustee, the “Certificate of Continuing Program Compliance,” in the form attached hereto as *Exhibit C*, executed by the Borrower stating the percentage of completed residential units in the Development which were occupied or held available for occupancy by Qualifying Tenants (but only after initial occupancy by a Qualifying Tenant) at all times during the preceding month or quarter, as appropriate, and identifying Qualifying Tenants who commenced or terminated occupancy in the Development during such month or quarter, as appropriate.

(f) On the annual anniversary of the issuance of the Bonds (or at such other times, as prescribed by the Secretary of the United States Treasury Department), the Borrower will submit to the Secretary of the United States Treasury Department (with a copy to the Issuer) a certificate in the form that the Secretary prescribes, that the Development continues to meet the requirements of Section 142 of the Code.

(g) to satisfy the requirements of Chapter 1372 of the Texas Government Code, as amended, the Borrower hereby represents, as of the date hereof, and covenants and agrees to utilize its best efforts and all due diligence to ensure that at least eighty percent (80%) of the units in the Development are rented to persons whose Adjusted Gross Income, together with the Adjusted Gross Income of all persons who intend to reside with such person in one residential unit, did not, for the immediately preceding tax year, equal or exceed sixty percent (60%) of the area median income as determined and adjusted from time to time by the Secretary of HUD (the “*Chapter 1372 Requirements*”).

(h) The Borrower hereby represents, as of the date hereof, and covenants and agrees as follows:

(i) to obtain and maintain on file a sworn statement as to the Adjusted Gross Income of each tenant who resides in the Development (and of any persons who reside in the same residential unit with such tenant) for the immediately preceding taxable year; and

(ii) to permit any duly authorized representative of the Issuer and the Trustee to inspect the books and records of the Borrower pertaining to the Adjusted Gross Income of the residents of the Development.

Section 3.01. Construction of Section 3. The terms of Section 3(g) of this Regulatory Agreement are herein stated to ensure compliance with Section 303.0425 of the Texas Local Government Code. The terms stated in Sections 3(g) and 3(h) shall be construed together to preserve the tax exemption of Chapter 303 of the Texas Local Government Code.

Section 4. Rental Restrictions. The Borrower represents, warrants and covenants that once available for occupancy, each residential unit in the Development will be rented or available for rental on a continuous basis to members of the general public (other than residential units for a resident manager and/or maintenance personnel and residential units for individuals or families of low or moderate income as provided for in Section 3 hereof). Each Qualifying Tenant occupying a unit in the Development shall be required to execute a written lease which shall be effective for a term of at least six (6) months. No meals or other services will be provided to the tenants of the Development on a regularly scheduled basis.

Section 5. Transfer Restrictions. For the Qualified Project Period, the Borrower shall sell, transfer, assign, convey, change title to or otherwise dispose of the Development (a "Transfer"), in whole or in part, only in accordance with the terms of the Loan Agreement dated as of the date hereof, among the Issuer, the Borrower and the Trustee (the "Loan Agreement"). Further, any such sale, transfer, assignment, conveyance, change in title or other disposition shall only be permitted if: (1) the Borrower shall not be in default hereunder; (2) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee or the Issuer with respect to assuming its obligations under this Regulatory Agreement and the Loan Agreement (together, the "Assumption Agreement"), which document shall be recorded in the Travis County, Texas, Clerk's Office; (3) the Trustee, the Funding Lender and the Issuer shall have received an opinion of Bond Counsel, which opinion is acceptable to the Issuer and the Trustee, to the effect that such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Borrower shall deliver to the Trustee and the Issuer a certificate, reasonably acceptable in form to the Issuer and the Trustee, to the effect that the Borrower did not develop the Development with the intention of sale upon completion of its construction; (5) the Borrower shall deliver to the Trustee, the Funding Lender and the Issuer an opinion of counsel to the transferee, which opinion is reasonably acceptable to the Issuer, that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee; and (6) such other conditions are met as are set forth in or referred to in the Indenture or as the Trustee or the Issuer may reasonably impose as part of the Assumption Agreement (i) to protect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (ii) to ensure that the Development is not acquired by a person which has pending against it, or which has a history of, building code violations, as identified by county, state or federal regulatory agencies; and (iii) to provide that all indemnification obligations for the benefit of the Trustee, the Issuer, and the Sponsor (as defined in the Indenture) pursuant to Section 9 of this Regulatory Agreement and elsewhere are assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this Section 5 have been satisfied, and the Borrower has obtained the consent to such transfer of any other party required under the terms of the Loan Agreement, the Trustee and the Issuer shall deliver a release to the Borrower with respect to any future compliance with the provisions of this Regulatory Agreement with respect to the Development, and the Issuer shall deliver a release with respect to any future compliance with the provisions of the Loan Agreement (subject to any further transfer restrictions in the Loan Agreement). The Borrower shall deliver the form of Assumption Agreement to the Trustee and the Issuer at least ten (10) business days prior to a proposed Transfer.

In accordance with the terms of Section 5.2 of the Loan Agreement, the following shall be permitted and shall not require the prior approval of the Issuer: (i) the transfer by the Investor Limited Partner of its interests in the Borrower in accordance with the terms of the Organizational Documents (as defined in the Indenture), (ii) after the 10-year credit period, the transfer of ownership interests in the Investor Limited Partner, (iii) upon expiration of the tax credit compliance period, the transfer of interests of the Investor Limited Partner in the Borrower to the General Partner, the Class B Limited Partner (as defined in the Indenture) or any of their respective affiliates, (iv) any transfer of the ownership interests of the General Partner or the Class B Limited Partner, pursuant to the Organizational Documents and (v) any amendment to the Organizational Documents to memorialize the transfers or removal described above or that does not negatively impact the Borrower's ability to perform its obligations hereunder.

Section 6. Enforcement. (a) The Borrower shall permit, after three (3) business days prior notice, any duly authorized representative of the Trustee or the Issuer to inspect any books and records of the Borrower regarding the Development and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Regulatory Agreement.

(b) In addition to the information provided for in Section 3(e), the Borrower shall submit any other information, documents or certifications reasonably requested by the Issuer or the Trustee which the Issuer or the Trustee deems reasonably necessary to substantiate continuing compliance with the provisions of this Regulatory Agreement.

(c) The Issuer, the Trustee and the Borrower each covenants that it will not knowingly take, fail to take or permit any action within its control that would adversely affect the excludability of interest on the Bonds from gross income of the owners thereof for federal income tax purposes. Moreover, each of the Issuer, the Trustee and the Borrower covenants to take any lawful action within its control (including amendment of this Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statement promulgated or enacted by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Development.

(d) If the Borrower shall fail to observe or perform any covenant, condition or agreement contained herein on its part to be observed or performed, and such failure continues for sixty (60) days after the Borrower discovers, or by the exercise of reasonable diligence should have discovered, or receives notice from the Issuer or the Trustee of, such failure, then and in such event, the Trustee, the Issuer and, to the extent permitted by the Indenture, any owner of a Bond shall be entitled, individually or collectively, and in addition to all other remedies provided by law or in equity, to compel specific performance by the Borrower of its obligations under this Regulatory Agreement, it being recognized that the beneficiaries of the Borrower's obligations hereunder cannot be adequately compensated by monetary damages in the event of a default by the Borrower; *provided, however*, that if the failure is of such nature that it can be corrected but not within sixty (60) days, so long as the Borrower or the Investor Limited Partner institutes curative action within the applicable period and diligently pursues that action to completion, the Borrower shall have a period of 180 days after the aforementioned notice to cure such failure.

The Issuer and the Trustee acknowledge and agree that any partner of the Borrower shall have the right, but not the obligation, to cure any failure by the Borrower to observe or perform any covenant, condition or agreement contained herein.

(e) The Borrower acknowledges that the primary purpose for requiring compliance with the restrictions provided in this Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds to the owners thereof, and that the Trustee on behalf of the owners of the Bonds, who are declared to be third party beneficiaries of this Regulatory Agreement, shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

Section 7. Covenants to Run with the Land; Successors Bound. The Borrower hereby subjects the Development to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Trustee, the Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower’s successors in title to the Development throughout the term of this Regulatory Agreement. Each and every contract, deed, mortgage or other instrument hereafter executed covering or conveying the Development or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Section 8. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of Travis County, Texas, and in such other places as the Trustee may reasonably request. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and to the names of the Issuer and the Trustee as grantee. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 9. Indemnification. THE BORROWER SHALL BE REQUIRED AND HEREBY AGREES TO PAY, INDEMNIFY AND HOLD THE ISSUER, THE SPONSOR, AND THE TRUSTEE, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, OFFICIALS, EMPLOYEES AND AGENTS (EXCEPT FOR CLAIMS ARISING OUT OF ACTS OR OMISSIONS OF THE ISSUER AND THE TRUSTEE RESULTING FROM WILLFUL MISCONDUCT) AND THE OWNERS OF THE BONDS HARMLESS FROM, ANY AND ALL LOSS, DAMAGE, COST, EXPENSE, SUIT, JUDGMENT, ACTION, INJURY OR LIABILITY WHICH THEY, OR ANY OF THEM, MAY SUFFER OR INCUR (INCLUDING WITHOUT LIMITATION ANY COSTS, FEES AND EXPENSES, INCLUDING REASONABLE ATTORNEYS’ FEES, COSTS AND EXPENSES, INCURRED IN CONNECTION WITH THE ENFORCEMENT OF THIS REGULATORY AGREEMENT) BY REASON OF (A) THE DESIGN, CONSTRUCTION, INSTALLATION, OPERATION, USE, OCCUPANCY, MAINTENANCE OR OWNERSHIP OF THE DEVELOPMENT (INCLUDING COMPLIANCE WITH LAWS, ORDINANCES AND RULES AND REGULATIONS OF PUBLIC AUTHORITIES RELATING THERETO); OR (B) ANY WRITTEN STATEMENTS OR REPRESENTATIONS WITH RESPECT TO THE BORROWER, THE DEVELOPMENT OR

THE BONDS MADE OR GIVEN TO THE ISSUER OR THE TRUSTEE, OR ANY UNDERWRITERS OR PURCHASERS OF ANY OF THE BONDS, BY THE BORROWER, OR ANY OF ITS PARTNERS OR AGENTS, INCLUDING, BUT NOT LIMITED TO, STATEMENTS OR REPRESENTATIONS OF FACTS, FINANCIAL INFORMATION OR BORROWER AFFAIRS; OR (C) ANY FRAUDULENT ACT BY OR ON BEHALF OF THE BORROWER OR ANY OFFICER OF THE BORROWER, INCLUDING WITHOUT LIMITATION ANY INTENTIONAL MISREPRESENTATION OF, OR INTENTIONAL FAILURE TO DISCLOSE, A MATERIAL FACT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS OR THE APPLICATION OF THE PROCEEDS THEREOF; OR (D) ANY VIOLATION OF THE RESTRICTIONS CONTAINED IN SECTION 2 OR THE OCCUPANCY RESTRICTIONS CONTAINED IN SECTION 3 AND THE CONTINUANCE OF SUCH VIOLATION OF SECTION 2 OR SECTION 3 FOR THIRTY (30) DAYS AFTER WRITTEN NOTICE OF SUCH VIOLATION SHALL BE GIVEN TO THE BORROWER BY THE ISSUER OR THE TRUSTEE OR ANY OWNER OF THE BONDS, OR FORTY-FIVE (45) DAYS AFTER THE DATE SUCH VIOLATION SHOULD HAVE BEEN DISCOVERED BY THE BORROWER BY EXERCISE OF REASONABLE DILIGENCE; OR (E) ANY VIOLATION BY THE BORROWER OF THE RENTAL RESTRICTIONS CONTAINED IN SECTION 4 OR THE TRANSFER RESTRICTIONS CONTAINED IN SECTION 5. THE FOREGOING INDEMNIFICATION SHALL BE IN ADDITION TO ANY INDEMNIFICATION PROVISIONS SET FORTH IN THE LOAN AGREEMENT OR ANY OF THE OTHER BOND DOCUMENTS.

THE BORROWER ALSO SHALL PAY AND DISCHARGE AND SHALL INDEMNIFY AND HOLD HARMLESS THE TRUSTEE AND, TO THE EXTENT APPLICABLE, THE ISSUER FROM (X) ANY LIEN OR CHARGE UPON PAYMENTS BY THE BORROWER TO THE TRUSTEE HEREUNDER AND (Y) ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IN RESPECT OF ANY PORTION OF THE DEVELOPMENT. IF ANY SUCH CLAIM IS ASSERTED, OR ANY SUCH LIEN OR CHARGE UPON PAYMENTS, OR ANY SUCH TAXES, ASSESSMENTS, IMPOSITIONS OR OTHER CHARGES, ARE SOUGHT TO BE IMPOSED, THE TRUSTEE OR THE ISSUER SHALL GIVE PROMPT NOTICE TO THE BORROWER, AND THE BORROWER SHALL HAVE THE SOLE RIGHT AND DUTY TO ASSUME, AND WILL ASSUME, THE DEFENSE THEREOF, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; *PROVIDED*, THAT THE TRUSTEE OR THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDING AND TO PARTICIPATE IN THE DEFENSE THEREOF; BUT UNLESS SUCH SEPARATE COUNSEL IS EMPLOYED WITH THE APPROVAL AND CONSENT OF THE BORROWER (WHICH APPROVAL AND CONSENT SHALL NOT BE UNREASONABLY WITHHELD), OR PURSUANT TO A COURT ORDER, THE BORROWER SHALL NOT BE REQUIRED TO PAY THE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL. FURTHER, THE BORROWER SHALL NOT BE LIABLE FOR ANY SETTLEMENT WITHOUT ITS CONSENT.

THE FOREGOING INDEMNIFICATIONS SHALL EXTEND TO AND INCLUDE THE ORDINARY NEGLIGENCE AND GROSS NEGLIGENCE OF THE ISSUER, SHALL

SURVIVE THE TERMINATION OF THIS REGULATORY AGREEMENT, AND SHALL BE A PERSONAL LIABILITY OBLIGATION OF THE INDEMNITOR, NOTWITHSTANDING ANY PROVISION OF ANY AGREEMENT TO THE CONTRARY. NO PROVISION OF THIS REGULATORY AGREEMENT SHALL BE CONSTRUED TO RELIEVE THE TRUSTEE FROM LIABILITY FOR ITS OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION.

Section 10. Agent of the Issuer and the Trustee. The Issuer and the Trustee shall have the right to appoint an agent or administrator to carry out any of their respective duties and obligations hereunder, and shall inform the other parties hereto of any such agency appointment by written notice.

Section 11. No Conflict with Other Documents. The Borrower warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict herewith.

Section 12. Interpretation. Any terms not defined in this Regulatory Agreement shall have the same meaning as terms defined for purposes of Section 142 of the Code and in the Regulations, the Indenture and the Loan Agreement.

Section 13. Amendment. This Regulatory Agreement may be amended by the parties hereto to reflect changes in the Code, the Regulations and revenue rulings promulgated thereunder, or in the interpretation thereof, subject to the delivery to the Trustee and the Issuer of an opinion of Bond Counsel that such amendment will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Section 14. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions of this Regulatory Agreement.

Section 15. Notices. Any notice, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if and when personally delivered and receipted for, or, if sent by private courier service or sent by overnight mail service, shall be deemed to have been given if and when received (unless the addressee refuses to accept delivery, in which case it shall be deemed to have been given when first presented to the addressee for acceptance), or on the third business day after being deposited in United States registered or certified mail, return receipt requested, postage prepaid. Any such notice, demand or other communication shall be addressed to a party at its address set forth below or to such other address the party to receive such notice may have designated to all other parties by notice in accordance herewith:

To the Borrower: Manor Leased Housing Associates I, Limited Partnership
c/o Dominion Development & Acquisition LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Neal Route and Mark Moorhouse

with a copy to: Winthrop & Weinstein, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: Paul Manda and Jeff Drennan

The Trustee: BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Rosalyn Davis

The Issuer: Manor Housing Public Facility Corporation
105 E. Eggleston Street
Manor, Texas 78653
Attention: City Manager

with a copy to: Bickerstaff Heath Delgado Acosta LLP
1601 S. MoPac Expy, Suite C400
Austin, Texas 78746
Attention: Gregory Miller

If to the Investor Partner: c/o RBC Community Investments, LLC
o 600 Superior Avenue
o Suite 2300
o Cleveland, Ohio 44114
o Attention: President and General Counsel

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

Section 16. Governing Law. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of Texas, and, where applicable, the laws of the United States of America.

Section 17. Freddie Mac Rider. The provisions of the Freddie Mac Rider attached hereto as Exhibit D are incorporated by reference as if fully set forth herein. In the event of a conflict between provisions of the Freddie Mac Rider and the provisions of this Agreement, the provisions of the Freddie Mac Rider shall control. The provisions of the Freddie Mac Rider [FORWARD: shall not take effect until the Loan Servicer or Freddie Mac is the holder of the Governmental Note

and] shall be terminated automatically and without further action required of any party hereto, the Loan Servicer, or Freddie Mac following the Freddie Mac Purchase Date (as defined in the Funding Loan Agreement) upon the earlier of (a) the date the Governmental Note is paid in full, retired, or otherwise discharged and (b) the date neither the Loan Servicer nor Freddie Mac is the Funding Lender or Funding Lender Representative.

Section 18. The Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article V of the Indenture, which are incorporated by reference herein. The incorporated provisions of the Indenture are intended to survive the termination of this Regulatory Agreement, retirement of the Bonds, discharge of the Loan (as defined in the Indenture), termination of the Loan Agreement, defeasance or termination of the Indenture, and the resignation or removal of the Trustee. The Trustee shall only act as expressly provided herein, and no implied covenants shall be read herein against the Trustee. The Trustee may rely on certificates, reports and other documents delivered to the Trustee by the Borrower without independent investigation and the Trustee's responsibility shall 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 shall not be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its own negligence, fraud or willful misconduct as found by a court of competent jurisdiction. No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Upon discharge of the Indenture, the Borrower will pay to the Trustee an annual fee for the performance of the Trustee's duties under this Regulatory Agreement for the remaining term hereof. 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 Indenture per year through the end of the Qualified Project Period.

[Signature Pages Follow]

In Witness Whereof, the parties hereto have caused this Regulatory Agreement to be signed by their respective, duly authorized representatives, as of the day and year first above written.

Manor Housing Public Facility Corporation

By: _____
Dr. Christopher Harvey
President

BOKF, NA, as Trustee

By: _____

Rosalyn Davis
Vice President

Manor Leased Housing Associates I, Limited
Partnership, a Texas limited partnership

By: MHPFC TRGP1, LLC,
a Texas limited liability company, its
general partner

By: Manor Housing Public Facility
Corporation, sole member of the general
partner

By: _____
Dr. Christopher Harvey
President

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

I, _____, a Notary Public, do hereby certify that Christopher Harvey, personally known to me to be the same person whose name is, as President of Manor Housing Public Facility Corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said entity and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2024.

Notary Public in and for
the State of Texas

(Seal)

My commission expires:

STATE OF TEXAS §
 §
COUNTY OF §

I, _____, a Notary Public, do hereby certify that Rosalyn Davis, personally known to me to be the same person whose name is, as a Vice President of BOKF, NA, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said entity and as her own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2024.

Notary Public in and for
the State of Texas

(Seal)

My commission expires:

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

I, _____, a Notary Public, do hereby certify that Dr. Christopher Harvey, personally known to me to be the same person whose name is, as President of Manor Housing Public Facility Corporation, the sole member of MHPFC TRGP1 LLC, the general partner of Manor Leased Housing Associates I, Limited Partnership subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said entity and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this ____ day of _____, 2024.

Notary Public in and for
the State of Texas

(Seal)

My commission expires:

Exhibit A
Legal Description

[to be provided]

Exhibit B

Certification of Income

Name of Development: Tower Road Apartments

Address of Development: _____

Date: _____

The undersigned does hereby declare, depose and certify, under penalty of perjury, as follows:

If additional space is needed in filling out this form, attach sheets identifying the additional information referenced to the appropriate line number.

Line:

1.	2.	3.	4.	5.
Name of Head of Household, Spouse and Members of Your Family living in Unit	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Each line hereinafter is for the income of *all of the above persons* during the 12-month period beginning on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable. Please refer to Part I of the Instruction Sheet for detailed explanations as to the income information required. Part II of the Instruction Sheet provides information on income which may be excluded.

- 6. (a) Wages, salaries, tips, etc. \$ _____
- (b) Interest, dividends, and other net income of any kind from real or personal property (also enter on line 13(b)) \$ _____
- 7. Net income from the operation of a business or profession \$ _____
- 8. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment \$ _____
- 9. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay \$ _____
- 10. Welfare assistance (*i.e.*, welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by federal, state or local governments) \$ _____
- 11. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the unit \$ _____
- 12. All regular pay, special pay, and allowances of a member of the Armed Forces \$ _____

The individual incomes of all the persons listed in Line 1 above during the 12-month period beginning this date is as follows:

Names	Totals
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

13. If any of the persons described above has any income of any kind from real property, savings, stocks, bonds, and other forms of capital investment (excluding interests in Indian trust land and excluding equity accounts in the Department of Housing and Urban Development (“HUD”) homeownership programs), provide the following:

(a) The total value of all such assets owned by all such persons \$_____

(b) The total amount of income expected to be derived from such assets in the 12-month period commencing this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease (from line 6(b)) \$_____

14.(a) Will all of the persons listed in Column 1 above be or have they been full time students during five calendar months of this calendar year (i) at an educational organization which normally maintains regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, or (ii) in institutional on-farm training under the supervision of an accredited agent of an educational organization described in clause (i) or of a state or political subdivision of a state?

Yes _____ No _____

(b) If the answer to 14(a) is yes, is any such person married and eligible to file a joint federal income tax return?

Yes _____ No _____

I/We, the undersigned, state that I/We have read and answered fully and truthfully each of the preceding questions for all persons who are to occupy the unit in the above apartment

development for which application is made, all of whom are listed above, and I/We declare under penalty of perjury that the foregoing representations are true and correct.

Head of Family

Spouse

Subscribed and sworn to before me
this _____ day of _____, _____.

_____ [Seal]
Notary Public

My commission expires:

Instruction Sheet

Part I of this Instruction Sheet contains line-by-line instructions to assist your completion of the Certification of Income. The Certification of Income is a statement of the total anticipated amounts, monetary or not, which go to, or on behalf of, the Head of the Family or Spouse (even if temporarily absent) or to any other member of the family who proposes to live in the unit during the 12-month period commencing on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable, including (i) amounts which are anticipated to be received from a source outside the Family during the 12-month period commencing on this date and (ii) all net income derived from assets to which any member of the Family has access. Excluded therefrom is income specified in Part II of this section.

Part I:

1. “*Family*” means two or more persons related by blood, marriage, adoption, or operation of law.
2. (a) Provide the total of all wages, salaries, commissions, tips, bonuses, over-time pay, fees and other compensation for personal services, without regard to payroll deductions.

(b) For this purpose, expenditures for amortization of capital indebtedness shall not be deducted to determine income. An allowance for depreciation of assets may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family.
3. For this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business. An allowance for depreciation of assets used in a business or profession may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from the operation of a business or profession will be included in net income from a business or profession except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family.
4. Periodic amounts do *not* include deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
5. Payments in lieu of earnings do *not* include lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlements for personal or property losses.

6. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:

(i) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus

(ii) the maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

7. This does *not* include the special pay to a Family member serving in the Armed Forces who is exposed to hostile fire.

8. The amount entered on line 13(a) should include the net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds or other forms of capital investment,

(a) *excluding* an interest in Indian trust land, equity accounts in HUD ownership programs, the value of necessary items of personal property such as furniture and automobiles, the value of a trust fund which is not revocable by, or under the control of, any member of the Family or household, so long as the fund continues to be held in trust and the value of a home currently purchased with assistance under 24 C.F.R. Part 982, subpart M (limited, however, to the first 10 years after the purchase date of the home), but

(b) *including*, in the case of the disposition of any business or family assets for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of this certificate, the excess of the fair market value of the assets disposed over the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the household member receives important consideration not measurable in dollar terms.

Part II:

The determination of income for the Certification of Annual Income does *not* include any of the following:

A. Temporary, nonrecurring or sporadic income (including gifts).

B. Income from the employment of children (including foster children) under the age of 18 years.

C. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the Family, who are unable to live alone).

D. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of medical expenses for any Family member.

E. The full amount of student financial assistance paid directly to the student or to the educational institution.

F. (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (Pass);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the public housing agency or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the public housing agency's governing board. No resident may receive more than one such stipend during the same period of time; and

(v) Incremental earnings and benefits resulting to any Family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the Family member participates in the employment training program.

G. Income of a live-in aide. A "live-in aide" means a person who resides with one or more elderly or near-elderly persons (*i.e.*, persons who are at least 50 years of age), or persons with disabilities, and who:

(a) is determined to be essential to the care and well-being of the person(s);

(b) is not obligated for the support of the person(s); and

(c) would not be living in the unit except to provide the necessary supportive services.

A “person with disabilities” means a person who: (a) has a disability as defined in 42 U.S.C. § 423; (b) is determined, pursuant to certain regulations, to have a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his or her ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or (c) has a developmental disability as defined in 42 U.S.C. § 6001. The term does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. The term does not include a person whose disability is based solely on any drug or alcohol dependence.

H. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937, as amended, as published in the Federal Register from time to time.

I. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

J. Earnings in excess of \$480 for each full time student 18 years old or older (excluding the Head of Household and Spouse).

K. Adoption assistance payments in excess of \$480 per adopted child.

L. Amounts received by the Family in the form of refunds or rebates under state or local law for property taxes paid on the unit.

M. Amounts paid by a state agency to a Family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled Family member at home.

For Completion by Development Owner Only:

I. Calculation of Annual Income:

1. Enter the amount of income for the entire family by adding line 6(a) with lines 7 through 12: \$_____

- 2.(a) If the amount entered in 13(a) is *greater* than \$5,000, enter the *greater* of:
 - (i) the amount entered in 13(b) *or*
 - (ii) a percentage of the total entered in 13(a) based on the current passbook savings rate as determined by HUD
- (b) If the amount entered in 13(a) is less than \$5,000, enter the amount entered in 13(b): \$ _____
- 3. Add number (1) and (2) to determine Annual Income: \$ _____

II. Determination of Tenant Eligibility:

1. Is the amount entered in line 3 above less than or equal to 60 percent of area median gross income for the area in which the Development is located, completed taking into account the area in which the Development is located and size of the Family occupying the unit for which this Certification of Income is being completed, as adjusted by Section 142(d)(2)(E)?

Yes _____ No _____

- 2. Check one of the following:
 - (a) Line (1) above is No, therefore the Household does not qualify as a Qualified Tenant. _____
 - (b) Line (1) above is Yes, and 14(a) above is No, therefore the Household qualifies as a Qualified Tenant. _____
 - (c) Line (1) above is Yes and 14(b) above is Yes, therefore the Household qualifies as a Qualified Tenant. _____
 - (d) Line (1) above is Yes and 14(a) above is Yes and 14(b) above is No, therefore the Household does not qualify as a Qualified Tenant. _____
- 3. Number of apartment unit assigned: _____

Apartment Owner

Exhibit C

Certificate of Continuing Program Compliance

Date: _____

Property Name: Tower Road Apartments

On Site Property Manager: _____

Address: _____ Telephone No. _____

To: Manor Housing Public Facility Corporation
105 E. Eggleston Street
Manor, Texas 78653
Attention: City Manager

BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Rosalyn Davis

The undersigned, as the authorized representative of the general partner of Manor Leased Housing Associates I, Limited Partnership. (the “*Borrower*”), hereby certifies that he or she has read and is thoroughly familiar with the provisions of the various documents associated with the issuance of Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, including the related Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2024 (the “*Regulatory Agreement*”), among Manor Housing Public Facility Corporation (the “*Issuer*”), the Borrower and BOKF, NA (the “*Trustee*”) and the Indenture dated as of October 1, 2024 (the “*Indenture*”), among the Issuer, the Borrower and the Trustee, as well as other procedures and instructions and guidelines to maintain tax-exempt multiple family status, and certifies the following as of the date of this certificate:

_____ Total Occupied Units in Development

_____ Total Vacant Units

_____ Total Units

_____ Units Occupied by Low-Income Tenants (as defined in the Regulatory Agreement)

_____ Units Held Vacant for Low-Income Tenants

_____ Total (At least 50% of Total Units) = _____ Units

_____ Units Occupied by Qualifying Tenants (as defined in the Regulatory Agreement)
 _____ Units Held Vacant for Occupancy Continuously Since Last Occupied by Qualifying Tenant
 _____ Total (At least 40% of Total Units) = _____ Units

The Borrower [has/has not] [circle one] complied with the 1372 Requirements for the previous quarter.

No default has occurred in observance of the covenants in the Regulatory Agreement, the Indenture or the other documents governing the Development.

Certified By:

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership

By: MHPFC TRGP1, LLC,
 a Texas limited liability company, its general partner

By: Manor Housing Public Facility Corporation, sole member of the general partner

By: _____
 Dr. Christopher Harvey
 President

Exhibit D

Freddie Mac Rider

This Freddie Mac Rider (the “*Rider*”) is attached to and forms a part of the Regulatory Agreement and Declaration of Restrictive Covenants (the “*Regulatory Agreement*”), dated as of October 1, 2024, by and among Manor Housing Public Facility Corporation (“*Governmental Lender*”), BOKF, NA, as fiscal agent (together with any successor in such capacity, the “*Fiscal Agent*”), and Manor Leased Housing Associates I, Limited Partnership, (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “*Borrower*”).

1. *Definitions.* The terms used in this Rider (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the respective meanings specified below. Terms used herein not otherwise defined shall have the respective meanings set forth in the Regulatory Agreement and the Funding Loan Agreement, as applicable.

“*Delivery Date*” means [October 29, 2024].

“*Fiscal Agent*” means BOKF, NA, as Fiscal Agent under the Funding Loan Agreement, and any successor thereto in such capacity.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States, and its successors and assigns.

“*Funding Lender*” means any person who is the holder of the Governmental Note, initially [], and on the Freddie Mac Purchase Date, Freddie Mac, and any successors or assigns thereof.

“*Funding Loan Agreement*” means the Funding Loan Agreement, dated as of October 1, 2024, by and among the Governmental Lender, the Initial Funding Lender and Fiscal Agent, as such Funding Loan Agreement may be amended, restated, supplemented or otherwise modified from time to time.

“*Governmental Lender*” means Manor Housing Public Facility Corporation and any successors and assigns thereof.

“*Governmental Note*” means the Multifamily Note delivered by the Governmental Lender pursuant to the Funding Loan Agreement.

“*Project Loan*” means the loan to the Borrower pursuant to the Project Loan Documents, which Project Loan is to be assigned to the Fiscal Agent.

“*Project Loan Agreement*” means the Project Loan Agreement to be entered into among the Borrower, the Governmental Lender and the Fiscal Agent, as such Project Loan Agreement may from time to time be amended or supplemented.

“*Project Loan Documents*” means the Security Instrument, the Project Note, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“*Project Note*” means the Project Note, including applicable addenda, to be executed by the Borrower in favor of the Governmental Lender, evidencing the Borrower’s financial obligations under the Project Loan, and to be endorsed by the Governmental Lender, without recourse, to the order of the Fiscal Agent, as the same may be amended, modified, supplemented or restated from time to time.

“*Security Instrument*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, together with all riders thereto, securing the Project Note, to be executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time.

“*Servicer*” means JLL Real Estate Capital, LLC, or any successor Servicer selected by Freddie Mac.

2. *Applicability.* The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. *Indemnification.* Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Borrower contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Borrower, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither the Funding Lender nor any successor in interest to the Funding Lender will assume or take subject to any liability for the indemnification obligations of the Borrower for acts or omissions of the Borrower prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan. The Borrower shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to the Funding Lender. The Funding Lender shall indemnify the Governmental Lender following acquisition of the Project by the Funding Lender, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan, during, and only during, any ensuing period that the Funding Lender owns and operates the Project, provided that the Funding Lender’s liability shall be strictly limited to acts and omissions of the Funding Lender occurring during the period of ownership and operation of the Project by the Funding Lender. The Funding Lender shall have no indemnification obligations with respect to the Governmental Note or the Project Loan Documents. The Borrower shall remain liable under

the Regulatory Agreement for its actions and omissions prior to any transfer of title to the Funding Lender.

4. *Sale or Transfer.* Restrictions on sale or transfer of the Project or of any interest in the Borrower, Governmental Lender and/or Fiscal Agent consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to the Funding Lender or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan. No transfer of the Project shall operate to release the Borrower from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Security Instrument or any of the other Project Loan Documents that requires the Borrower to obtain the consent of the Funding Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to the Funding Lender upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan by the Funding Lender, or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

5. *Enforcement.* Notwithstanding anything contained in the Regulatory Agreement to the contrary: (i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Project Loan Documents, except as may be otherwise specified in the Project Loan Documents; and (ii) the occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument. No person other than the Funding Lender shall have the right to (a) declare the principal balance of the Project Note to be immediately due and payable or (b) commence foreclosure or other like action with respect to the Security Instrument. The Governmental Lender and the Fiscal Agent acknowledge and agree that the exercise of any rights and remedies under the Regulatory Agreement is subject to the provisions of the Project Loan Documents.

6. *Notice of Violations.* Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Governmental Lender or the Fiscal Agent shall, by notice in writing to the Borrower, the Servicer and the Funding Lender, inform the Borrower, the Servicer and the Funding Lender that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Governmental Lender nor the Fiscal Agent shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Project Loan, to enforce the Project Note or to foreclose on the Security Instrument.

7. *Amendments.* The Regulatory Agreement shall not be amended without the prior written consent of the Funding Lender.

8. *Fees; Penalties.* The Funding Lender shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Borrower or any subsequent owner of the Project prior to the date of acquisition of the Project by the Funding Lender, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

9. *Subordination.* The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 1 through 4, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Project Loan Documents.

10. *Third-Party Beneficiary.* The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of the Funding Lender and are entered into for the benefit of various parties, including the Funding Lender. The Funding Lender shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Governmental Lender and/or the Fiscal Agent, or to cause the Governmental Lender or the Fiscal Agent to enforce, the terms of the Regulatory Agreement. In addition, the Funding Lender is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

11. *Notices.* Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

JLL Real Estate Capital, LLC
2401 Cedar Springs Road, Suite 100
Dallas, Texas 75201

With a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: []

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4P
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
Email: mfla@freddiemac.com
Telephone: (703) 714-4177

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive, MS 210
McLean, Virginia 22102
Attention: Managing Associate General Counsel – Multifamily
Legal Division
Email: []@freddiemac.com
Telephone: (703) 903-2000

12. *Effectiveness.* This Rider shall only become effective upon the execution and delivery of the Funding Loan Agreement, the Project Loan Agreement, the Governmental Note and the Project Note, as set forth in Section 17 of the Regulatory Agreement.

BOND PURCHASE AGREEMENT

Dated October [__], 2024

by and among

**STIFEL, NICOLAUS & COMPANY, INCORPORATED,
MANOR HOUSING PUBLIC FACILITY CORPORATION**

and

MANOR LEASED HOUSING ASSOCIATES I, LIMITED PARTNERSHIP

Relating to:

**[\$64,819,000]
Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024**

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BOND PURCHASE AGREEMENT

Stifel, Nicolaus & Company, Incorporated (the “*Underwriter*”), on its own behalf and not as your fiduciary, hereby offers to enter into this Bond Purchase Agreement dated October [___], 2024 (this “*Purchase Contract*”) with the Manor Housing Public Facility Corporation (the “*Issuer*”) and Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds defined below which are being issued by the Issuer for the benefit of the Borrower. The Underwriter is an “underwriter” as defined in Section 2(a)(11) of the Securities Act of 1933, as amended (the “*1933 Act*”). This offer is made subject to the written acceptance hereof by the Issuer and the Borrower and delivery of such acceptance (in the form of one or more counterparts hereof) at or prior to 5:00 p.m., Central Time, on the date hereof, and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing). Upon such acceptance, this Purchase Contract will be binding upon each of the Issuer, the Borrower and the Underwriter.

Section 1. Definitions and Background.

1.1 Capitalized terms used in this Purchase Contract but not defined herein have the meanings assigned to them in the Trust Indenture between the Issuer and BOKF, NA, a national banking association (the “*Trustee*”) dated as of October 1, 2024 (the “*Indenture*”).

1.2 This Purchase Contract is for the sale and delivery of the Issuer’s Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Bonds*”) which are being issued by the Issuer to provide financing for the Project. The Bonds will be issued pursuant to (i) that certain resolution of the Issuer adopted September 18, 2024 (the “*Bond Resolution*”), (ii) the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”), and (iii) the terms of the Indenture. The Bonds will be payable from sources pledged under the Indenture, including the moneys and securities from time to time held by the Trustee in the funds and accounts established under the terms of the Indenture (collectively, the “*Trust Estate*”). In connection with the issuance of the Bonds, the Issuer will execute and deliver this Purchase Contract; the Indenture; the Loan Agreement by and between the Issuer and the Borrower (the “*Loan Agreement*”) dated as of October 1, 2024; the Tax Exemption Certificate and Agreement between the Issuer and the Borrower (the “*Tax Exemption Agreement*”) dated October 11, 2024; and the Regulatory Agreement and Declaration of Restrictive Covenants among the Issuer, the Borrower and the Trustee (the “*Tax Regulatory Agreement*”) dated as of October 1, 2024 (collectively, the “*Issuer Documents*”); and the Borrower will execute and deliver this Purchase Contract, the Loan Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement, the Tax Exemption Agreement, and the Tax Regulatory Agreement (collectively, the “*Borrower Documents*”). The Issuer Documents and the Borrower Documents are referred to herein as the “*Financing Documents*.”

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Purchase Contract, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter, at the Closing (as hereafter defined), \$[64,819,000] aggregate principal amount of its Bonds at a price set forth in Exhibit A attached hereto.

2.2 The Bonds will (i) be issued pursuant to the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate and price) set forth in Exhibit A attached hereto, and will otherwise correspond to the description thereof contained in the hereinafter-defined Official Statement.

2.3 The Issuer, the Borrower and the Underwriter each acknowledges and agrees that (i) the purchase and sale of the Bonds pursuant to this Purchase Contract is an arm's-length commercial transaction among the Issuer, the Borrower and the Underwriter, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriter is and has been acting solely as a principal and is not acting as the agent, municipal advisor, financial advisor, or fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed individually or collectively any advisory or fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriter has advised or provided other services or is currently advising or providing other services to the Issuer or the Borrower on other matters) and the Underwriter has no contractual obligation to the Issuer or the Borrower with respect to the offering contemplated hereby except the obligations expressly set forth in this Purchase Contract, and (iv) the Issuer and the Borrower have consulted their own legal, financial, accounting, tax and other advisors to the extent they deem appropriate in connection with the offering of the Bonds. The primary role of the Underwriter is to purchase the Bonds for resale to investors in an arm's-length commercial transaction among the Issuer, the Borrower and the Underwriter. The Underwriter has financial and other interests that differ from those of the Issuer. Nothing in the foregoing paragraph is intended to limit the Underwriter's obligations of fair dealing under MSRB Rule G-17.

Section 3. Issue Price.

Notwithstanding any provision of this Purchase Contract to the contrary, the following provisions related to the establishment of the issue price of the Bonds apply:

(a) *Definitions.* For purposes of this Section, the following definitions apply:

(i) "Public" means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than a Tax Law Underwriter or a Related Party to a Tax Law Underwriter.

(ii) "Related Party" means any two or more persons who are subject, directly or indirectly, to (A) 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), (B) 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 (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profits interests 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).

(iii) "Sale Date" means the date of execution of this Purchase Contract by all parties.

(iv) "Tax Law Underwriter" means, with respect to each Issue of the Bonds, (A) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of such Issue of the Bonds to the Public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of such Issue of the Bonds to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the Public).

(b) *Issue Price Certificate.* The Underwriter agrees to assist the Issuer in establishing the issue price of the Bonds and to execute and deliver to the Issuer at Closing an “issue price” or similar certificate relating to each Issue of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit E, with such modifications as may be appropriate or necessary, in the reasonable judgment of the Underwriter, the Issuer and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the Public of the Bonds (the “Issue Price Certificate”).

(c) *Public Offering.* The Underwriter confirms that, on the Sale Date, the Underwriter offered each Issue of the Bonds to the Public at the offering price or prices (each, an “Initial Offering Price”), or at the corresponding yield or yields, set forth in Section 1 hereto.

(d) *10% Test.* Except as set forth in the Issue Price Certificate, the Issuer will determine the issue price of the Bonds based on the first price at which 10% of the Bonds is sold to the Public (the “10% Test”) (if different interest rates apply within a maturity, each separate CUSIP number within that maturity will be subject to the 10% Test). The Issue Price Certificate will confirm if the issue price will be the applicable Initial Offering Price because the 10% Test was satisfied as of the Sale Date.

(e) *Hold-The-Offering-Price Rule.* The Issue Price Certificate will confirm if the 10% Test was not satisfied as of the Sale Date and, if such is the case, the Issuer and the Underwriter agree that the restrictions in the next sentence will apply, which will allow the Issuer to treat the Initial Offering Price to the Public of each the Bonds as the issue price of the Bonds (the “Hold-the-Offering-Price Rule”). If the 10% Test was not satisfied as of the Sale Date, the Underwriter will neither offer nor sell unsold Bonds to any person at a price that is higher than the applicable Initial Offering Price of the Bonds during the period starting on the Sale Date and ending on the earlier of the following:

- (i) the close of the fifth business day after the Sale Date; or
- (ii) the date on which the Tax Law Underwriters have sold at least 10% of the Bonds to the Public at a price that is no higher than the Initial Offering Price of the Bonds.

The Underwriter will promptly advise the Issuer when the Tax Law Underwriters have sold 10% the Bonds to the Public at a price that is no higher than the applicable Initial Offering Price of the Bonds, if that occurs prior to the close of the fifth business day after the Sale Date. On or after the sixth business day after the Sale Date, if requested by the Issuer or Bond Counsel, the Underwriter also will promptly confirm that the Tax Law Underwriters have complied with the Hold-the-Offering-Price Rule. If at any time the Underwriter becomes aware of any noncompliance by a Tax Law Underwriter with respect to the Hold-the-Offering-Price Rule, the Underwriter will promptly report such noncompliance to the Issuer.

The Issuer acknowledges that, in making the representation that the Underwriter will comply with the Hold-the-Offering-Price Rule with respect to any held Bonds of an issue of the Bonds, the Underwriter is relying on (A) in the event a selling group has been created in connection with the sale of the Issue of the Bonds to the Public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (B) in the event that an Underwriter is a party to a third-party distribution agreement that was employed in connection with the sale of an issue of the Bonds, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the third-party distribution agreement and the related

pricing wires. The Issuer further acknowledges that each Tax Law Underwriter will be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no Tax Law Underwriter will be liable for the failure of any other Tax Law Underwriter to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to an issue of the Bonds.

(f) *Matters Relating to Certain Agreements.* The Underwriter confirms that:

(i) any selling group agreement and each third-party distribution agreement to which the Underwriter is a party relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating the Underwriter, each dealer who is a member of any selling group, and each broker-dealer that is a party to any such third-party distribution agreement, as applicable:

(A) to comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the relating pricing wire;

(B) to promptly notify the Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a Related Party to a Tax Law Underwriter participating in the initial sale of the Bonds to the Public; and

(C) to acknowledge that, unless otherwise advised by the dealer or broker-dealer, the Underwriter will assume that each order submitted by the dealer or broker-dealer is a sale to the Public.

(ii) any selling group agreement relating to the initial sale of the Bonds to the Public, together with related pricing wires, contains or will contain language obligating each dealer that is a party to any third-party distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to comply with the Hold-the-Offering Price Rule, if applicable, in each case if and for so long as directed by the Underwriter or the dealer and as set forth in the related pricing wires.

(g) *Sale to Related Party not a Sale to the Public.* The Underwriter acknowledges that sales of any Bonds to any person that is a Related Party to a Tax Law Underwriter do not constitute sales to the Public for purposes of this Section.

Section 4. Closing.

Subject to the terms and conditions hereof, the delivery of the Bonds and the payment of the purchase price of the Bonds as set forth in Exhibit A hereof (the “*Closing*”) will take place at 10:00 a.m. Central Time on October [__], 2024, or at such other time or on such other date mutually agreed upon by the Issuer, the Borrower and the Underwriter, which date shall be referred to herein as the “*Closing Date*.”

Section 5. Official Statement; Disclosure Matters.

5.1 The Issuer and the Borrower each hereby (a) confirms its consent to the use by the Underwriter of the Preliminary Official Statement dated October [__], 2024, relating to the Bonds (the “*Preliminary Official Statement*”) in the marketing of the Bonds and (b) authorizes the Underwriter to prepare, use and distribute (at the expense of the Borrower) the Official Statement dated October 3, 2024,

relating to the Bonds (the “*Official Statement*”) in final form in connection with the offering and sale of the Bonds.

5.2 The Issuer and the Borrower each agrees to the extent required and permitted by applicable law to cooperate (at the sole cost and expense of the Borrower) with the Underwriter so as to enable the Underwriter to comply with the requirements of Rule 15c2-12 (“*Rule 15c2-12*”) under the Securities Exchange Act of 1934, as amended (the “*1934 Act*”), and any other rules of the Securities and Exchange Commission (the “*SEC*”) and the Municipal Securities Rulemaking Board (the “*MSRB*”), in connection with the offer and sale of the Bonds.

5.3 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b) respectively:

(a) The Issuer hereby certifies and agrees that the information in the Preliminary Official Statement as of its date and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” has been “deemed final” by the Issuer as of its date, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

(b) The Borrower hereby certifies and agrees that the Preliminary Official Statement and the Official Statement have been “deemed final” by the Borrower as of their dates, except for final information as to the offering prices, interest rates, selling compensation, amount of proceeds, delivery dates, other terms depending on such factors, and other information permitted to be omitted under part (b)(1) of Rule 15c2-12.

5.4 The Issuer and the Borrower hereby make the following representations in subsection (a) and (b), respectively:

(a) The Issuer hereby represents that the information in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(b) The Borrower hereby represents that the information in the Preliminary Official Statement and the Official Statement is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

5.5 The Borrower will, at the expense of the Borrower, supply to the Underwriter the Official Statement, in such quantity as may be requested by the Underwriter no later than the earlier of (i) seven (7) business days after the date of this Purchase Contract or (ii) one (1) business day prior to the Closing Date, in order to permit the Underwriter to comply with Rule 15c2-12, and the applicable rules of the MSRB, with respect to distribution of the Official Statement. The Borrower shall provide to the Underwriter the Official Statement, including any amendments thereto, in word-searchable PDF format as described in the MSRB’s Rule G-32 no later than one (1) business day prior to the Closing Date to enable the Underwriter to comply with MSRB Rule G-32.

5.6 During the period commencing on the date of this Purchase Contract and ending on the earlier of (a) 90 days from the End of the Underwriting Period or (b) the time when the Official Statement

is available to any person from the MSRB, but in no case less than 25 days following the End of the Underwriting Period (the “*Update Period*”), if any event shall occur which would cause the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, and in the judgment of the Underwriter, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer (solely to the extent of the provisions referred to in Section 5.4(a) hereof) and the Borrower will, at the expense of the Borrower, prepare or cooperate in the preparation of such supplement or amendment to the Official Statement in a form approved by the Underwriter and furnish or cooperate in the furnishing to the Underwriter (at the sole expense of the Borrower) a reasonable number of copies of an amendment of, or a supplement to the Official Statement so that, as supplemented or amended, it will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. If the Official Statement is so supplemented or amended prior to the Closing, the approval by the Underwriter of a supplement or amendment to the Official Statement shall not preclude the Underwriter from thereafter terminating this Purchase Contract in accordance with the provisions of Section 12(c) hereof. The “*End of the Underwriting Period*” means the later of the delivery of the Bonds by the Issuer to the Underwriter or when the Underwriter no longer retains (directly or as a syndicate member) an unsold balance of the Bonds for sale to the public; provided, that the “*End of the Underwriting Period*” shall be deemed to be the Closing Date, unless the Underwriter otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Bonds, in which case the End of the Underwriting Period shall be deemed to be extended for 30 days. The deemed End of the Underwriting Period may be extended for two additional periods of 30 days each upon receipt of an additional written notification from the Underwriter containing the same information as required in the initial written notice.

5.7 If, during the Update Period, the Issuer becomes aware of any event relating to the information concerning the Issuer under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” of the Official Statement which would cause such portions of the Official Statement to contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Issuer will promptly notify the Underwriter of such event.

5.8 The Issuer shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Issuer, of which the Issuer has actual knowledge, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.9 If, during the Update Period, the Borrower becomes aware of any event which would cause the Preliminary Official Statement or the Official Statement to contain any untrue statement of a material fact or to omit to state any material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading, the Borrower will promptly notify the Underwriter and the Issuer of such event.

5.10 The Borrower shall promptly advise the Underwriter, during the Update Period, of any action, suit, proceeding, inquiry or investigation against the Borrower, of which they receive written or actual notice, seeking to prohibit, restrain or otherwise affect the use of the Preliminary Official Statement or the Official Statement in connection with the offering, sale or distribution of the Bonds.

5.11 The Borrower represents and warrants to the Underwriter and the Issuer that neither the Borrower nor any affiliates thereof are in default under any undertakings with respect to continuing

disclosure requirements designed to comply with Rule 15c2-12 in connection with any issue of municipal securities.

Section 6. Representations of the Issuer.

6.1 In addition to the representations contained in Section 5 herein, the Issuer hereby makes the following representations to the Underwriter:

(a) The Issuer is a public facility corporation organized and existing under the laws of the State of Texas (the “State”), and has full power and authority under the Act to adopt the Bond Resolution and to enter into and to perform its obligations under the Issuer Documents; and when executed and delivered by the respective parties thereto, the Issuer Documents will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitation on legal remedies against units of government of the State;

(b) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has approved and authorized the distribution of the Preliminary Official Statement and the Official Statement and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby;

(c) There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending, or threatened against the Issuer seeking to restrain or enjoin the sale or issuance of the Bonds, or in any way contesting or affecting any proceedings of the Issuer taken concerning the sale thereof, the pledge or application of any moneys or security provided for the payment of the Bonds, in any way contesting the validity or enforceability of the Issuer Documents or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the existence or powers of the Issuer relating to the sale of the Bonds;

(d) The statements and information contained in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” are true and correct in all material respects, and the information contained in the Preliminary Official Statement and the Official Statement under the captions “THE ISSUER” and “ABSENCE OF LITIGATION – The Issuer” does not contain an untrue statement of a material fact or omit any material fact which is necessary to make such statements and information therein, in light of the circumstances under which they were made, not misleading.

(e) The execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer’s part contained therein will neither (i) conflict with or constitute a material breach of or default under any law, administrative regulation, judgment or decree to which the Issuer is subject, (ii) conflict with any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or is otherwise subject, nor (iii) result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, financing agreement, indenture, bond, security, note, resolution, agreement or other instrument, except as provided by the Issuer Documents;

(f) Except as may be required under Blue Sky or other securities laws of any state, the approving opinion of the Attorney General of the State of Texas, and for filings to be made with the Internal Revenue Service on Form 8038, to the Issuer's knowledge, there is no consent, approval, authorization or other order of, or filing with, or certification by, any state court, or state or federal governmental agency, or public body of any state required for the execution and delivery of the Issuer Documents or the consummation by the Issuer of the transactions on its part contemplated herein or therein, which has not been duly obtained or made on or prior to the date hereof;

(g) Upon delivery of the Bonds, the Issuer will have good right, full power and lawful authority to pledge and assign the Trust Estate described in the Indenture to the Trustee as provided in the Indenture and the Bond Resolution;

(h) The Issuer has complied in all material respects with the Bond Resolution and the Issuer Documents; and

(i) The Bonds, when delivered in accordance with the Indenture and paid for by the Underwriter on the Closing Date as provided herein, will be validly issued and outstanding special, limited obligations of the Issuer entitled to all the benefits and security of the Indenture.

6.2 The execution and delivery of this Purchase Contract by the Issuer shall constitute a representation by the Issuer to the Underwriter that the representations and agreements contained in this Section are true as of the date hereof; provided, however, that as to information furnished by the Borrower pursuant to this Purchase Contract, the Issuer is relying solely on such information in making the Issuer's representations and agreements, and as to all matters of law the Issuer is relying on the advice of Bond Counsel; and provided further, that no member, officer, agent or employee of the Issuer shall be individually liable for the breach of any representation, or agreement contained herein.

6.3 It is understood that the representations and covenants of the Issuer contained in this Section 6 and elsewhere in this Purchase Contract shall not create any general obligation or liability of the Issuer, and that any obligation or liability of the Issuer hereunder or under the Issuer Documents is payable solely out of the Trust Estate established under the Indenture. It is further understood and agreed that the Issuer makes no representations, except as set forth in paragraph 5.4(a) above, as to the Official Statement, or as to (i) the financial condition, results of operation, business or prospects of the Borrower or the Project, (ii) any statements (financial or otherwise), representations, documents or certification provided or to be provided by the Borrower in connection with the offer or sale of the Bonds, or (iii) the correctness, completeness or accuracy of such statements, representations, documents or certifications.

Section 7. Representations and Warranties of the Borrower.

7.1 In addition to the representations and warranties made in Section 5 herein, the Borrower hereby makes the following representations and warranties to the Underwriter and the Issuer, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is a limited partnership duly organized and existing under and pursuant to the laws of the State and is qualified to own the Project and conduct its business in the State.

(b) The Borrower has, and as of the Closing Date will have, full legal right, power and authority to (i) execute and deliver the Borrower Documents, (ii) assist in the preparation,

distribution and use of the Preliminary Official Statement and the Official Statement, and (iii) otherwise consummate the transactions contemplated by the Borrower Documents.

(c) The Borrower has duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, (iii) preparation of the Preliminary Official Statement and the Official Statement, and (iv) consummation by the Borrower of all of the transactions contemplated by the Borrower Documents.

(d) The Borrower Documents are, and, when executed and delivered by the Borrower and the other parties thereto, will be, the legal, valid and binding obligations of the Borrower, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(e) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower for the execution and delivery by the Borrower of the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing.

(f) The execution and delivery by the Borrower of the Borrower Documents and the consummation by the Borrower of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the organizational documents of the Borrower, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement to which the Borrower is subject, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties are bound.

(g) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any partner or member of the Borrower, in their respective capacities as such, nor, to the knowledge of the Borrower, any basis therefor, (i) which would restrain or enjoin the issuance or delivery of the Bonds, the use of the Preliminary Official Statement or the Official Statement in the marketing of the Bonds or the collection of revenues pledged under or pursuant to the Borrower Documents or (ii) which would in any way contest or affect the organization or existence of the Borrower or the entitlement of any officer of the Borrower to its position or (iii) which would contest or have a material and adverse effect upon (A) the due performance by the Borrower of the transactions contemplated by the Preliminary Official Statement, the Official Statement or the Borrower Documents, (B) the validity or enforceability of the Bonds, the Borrower Documents or any other agreement or instrument to which the Borrower is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, (C) the exclusion from gross income for federal income tax purposes of the interest on the Bonds or (D) the financial condition or operations of the Borrower, (iv) which contests in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or (v) which questions the power or authority of the Borrower to carry out the transactions on its part contemplated by the Preliminary Official Statement, the Official Statement and the Borrower Documents, or the power of the Borrower to own or operate the Project. The Borrower is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(h) On the Closing Date, the Borrower shall not have granted any interests in or rights or options to sell the Bonds to any other party.

(i) All permits (including building permits), licenses and authorizations necessary for the ownership and operation of its Project in the manner contemplated by the Preliminary Official Statement, the Official Statement and each of the Borrower Documents have been obtained or will be obtained, and said ownership and operation are not in conflict with any zoning or similar ordinance applicable to the Project. The Project conforms to all material environmental regulations.

(j) None of the Borrower, any guarantor of the Borrower or any “related person” to the Borrower within the meaning of Section 147 of the Code has acquired or shall acquire, pursuant to any arrangement, formal or informal, any Bonds.

(k) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds.

(l) On the Closing Date, each of the representations and warranties of the Borrower contained in the Borrower Documents and all other documents executed by the Borrower in connection with the Bonds shall be true, correct and complete in all material respects.

(m) The statements and information contained in the Preliminary Official Statement and the Official Statement are true and correct in all material respects and do not contain an untrue statement of a material fact or omit any material facts necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(n) As of the Closing Date, the Borrower will not be in material default under any document, instrument or commitment to which the Borrower is a party or to which any of its property is subject which default would or could reasonably be expected to adversely affect the ability of the Borrower to carry out its obligations under the Borrower Documents. As of the Closing Date, the Borrower will be in compliance with all of its obligations under the Tax Regulatory Agreement.

(o) The Borrower is in compliance with all of its prior continuing disclosure undertakings entered into pursuant to Rule 15c2-12, if any.

7.2 Each of the representations and warranties set forth in this Section 7 will survive the Closing.

7.3 Any certificate signed by any officer of the Borrower and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Borrower to the Underwriter as to the statements made therein.

Section 8. Covenants of the Issuer.

The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter

to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) Prior to the Closing, the Issuer will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Issuer Documents without the prior written consent of the Underwriter.

(c) Prior to the Closing, except as provided in the Issuer Documents, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds or the Issuer Documents.

(d) The Issuer will not take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture and described in the Official Statement or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(e) Prior to the Closing the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Issuer Documents and the Bonds.

(f) The Issuer will reasonably cooperate with the Underwriter upon request, without cost to the Issuer, in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate; provided that the foregoing shall not require the Issuer to expend its own funds, execute a general or special consent to service of process or to qualify as a foreign corporation in connection with such qualification in any foreign jurisdiction.

(g) The Issuer will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement so that it does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading, the Issuer shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 9. Covenants of the Borrower.

The Borrower hereby makes the following covenants with the Underwriter and the Issuer:

(a) The Borrower will not supplement or amend the Official Statement or cause the Official Statement to be supplemented or amended without providing reasonable notice of such proposed supplement or amendment to the Underwriter and the Issuer. It is understood pursuant to Section 12(c) that, in the event there arises an event or condition which, in the reasonable judgment of the Underwriter, requires the Official Statement to be amended or supplemented or

has a material and adverse effect upon the marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds, the Underwriter shall have the right, pursuant to Section 12(c) hereof, to terminate this Purchase Contract without liability. Neither the receipt by the Underwriter of notice of a proposed supplement or amendment nor the consent by the Underwriter to such supplement or amendment shall abrogate the Underwriter's rights under Section 12(c) hereof.

(b) The Borrower will not adopt any amendment of or supplement to the Official Statement to which, after having been furnished a copy, the Underwriter shall reasonably object in writing and if any event relating to or affecting the Issuer or the Borrower shall occur as a result of which it is necessary, in the opinion of the Underwriter, to amend or supplement the Official Statement in order to make the Official Statement not misleading in light of the circumstances existing at the time it is delivered to the Underwriter, the Borrower shall cause to be forthwith prepared and furnished (at the sole expense of the Borrower) to the Underwriter a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to the Issuer and the Underwriter) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(c) Prior to the Closing, the Borrower will not amend, terminate or rescind, and will not agree to any amendment, termination or rescission of the Borrower Documents without the prior written consent of the Underwriter.

(d) Prior to the Closing, the Borrower will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture, including, without limitation, the Bonds, the Financing Documents or any indebtedness allowed under the loan from the Lender.

(e) The Borrower will cooperate with the Issuer to cause the Bonds to be delivered to the address and at the time specified by the Underwriter in conjunction with the Closing.

(f) The Borrower will not take or omit to take any action which will in any way cause the proceeds of the Bonds, or other moneys on deposit in any fund or account in connection with the Bonds, to be applied in a manner other than as provided in the Indenture and described in the Preliminary Official Statement or the Official Statement and will not take or omit to take any action which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(g) The Borrower will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate.

(h) The Borrower agrees to cause the necessary amount to be paid to the Trustee and/or the escrow agent on the Closing Date to pay costs of issuance or otherwise provide for payment of costs of issuance.

(i) The Borrower agrees to provide the Underwriter, at the Borrower's expense, a reasonable number of additional copies of the Financing Documents as the Underwriter shall request.

Section 10. Conditions of Closing.

10.1 The obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the items described in Section 10.2 hereof and to the satisfaction of the following conditions:

(a) The Underwriter will not have discovered any material error, misstatement or omission in the representations and warranties made in this Purchase Contract, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) The Issuer and the Borrower will have performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by such respective parties at or prior to Closing.

(c) The Bonds, the Financing Documents and the Official Statement shall each have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date and shall not have been amended, modified or supplemented prior to the Closing except as may have been agreed to in writing by the Underwriter and no event of default shall exist under any such documents.

(d) The Borrower and the Underwriter shall have entered into the Remarketing Agreement dated as of October 1, 2024.

(e) The Underwriter will have received orders for all of the Bonds (or such amount of the Bonds as is acceptable to the Underwriter) and (a) such orders have not been withdrawn at the time of the Closing and (b) the market price or marketability, at the initial offering price set forth in the Official Statement, of the Bonds shall not have been adversely affected, in the reasonable judgment of the Underwriter.

(f) The Borrower shall have entered into the Continuing Disclosure Agreement containing covenants meeting the requirements of Rule 15c2-12 under the 1934 Act.

(g) The Issuer shall have received the executed Issue Price Certificate of the Underwriter, substantially in the form attached to this Purchase Contract as Exhibit E.

10.2 In addition to the conditions set forth in Section 10.1, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Underwriter of the following items:

(a) An approving opinion of Bond Counsel, dated the Closing Date, relating to the validity of the Bonds and the tax-exempt status of the Bonds, substantially in the form attached to the Official Statement as Appendix E, and a letter of such counsel, addressed to the Underwriter and the Issuer, to the effect that such opinion may be relied upon, together with a supplemental opinion of Bond Counsel, satisfactory in form and substance to the Underwriter and the Issuer, dated the Closing Date, substantially in the form attached hereto as Exhibit B.

(b) An opinion of counsel to the Borrower, dated the Closing Date, satisfactory in form and substance to the Underwriter, the Trustee, Bond Counsel and the Issuer and in substantially the form attached hereto as Exhibit C.

(c) An opinion of Tiber Hudson LLC, counsel to the Underwriter, satisfactory in form and substance to the Underwriter.

(d) A certificate of the Issuer, dated the Closing Date and signed by an authorized official or officer of the Issuer, to the effect that (i) each of the Issuer's representations contained herein and in all other Issuer Documents, which representations will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects; (ii) the Issuer has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing; and (iii) the information contained in the Preliminary Official Statement and the Official Statement under the captions "THE ISSUER" and "ABSENCE OF LITIGATION – The Issuer" is true and correct in all material respects and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading.

(e) Evidence that a public hearing has been duly held and the issuance of the Bonds has been duly approved as required by the Code.

(f) A certificate of the Borrower, dated the Closing Date and signed by its authorized representative, to the effect that:

(i) each of the Borrower's representations and warranties contained herein and in all Borrower Documents, which representations and warranties will be deemed to have been made again at and as of the time of Closing, are true and correct in all material respects;

(ii) the Borrower has performed and complied with all agreements and conditions required by this Purchase Contract to be performed or complied with by it at or prior to the Closing;

(iii) since the date of the Official Statement and except as set forth therein, there has not been any material adverse change in the Borrower's operations, financial or otherwise;

(iv) the information contained in the Preliminary Official Statement and the Official Statement is true and correct and does not contain any untrue statement of a material fact and does not omit to state a material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading;

(v) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, or before or by any court, public board or body pending or, to the best knowledge of the Borrower, threatened against or affecting the Borrower or any of its affiliates, nor, to the best knowledge of the Borrower, is there any basis therefor, wherein an unfavorable decision, ruling or finding would, in any way, adversely affect the transactions contemplated by the Loan Agreement or the operation and management of the Project, or that might result in any material adverse change in the business, operations, properties, assets, liabilities or condition (financial or other) of the Borrower or that affects the information in the Preliminary Official Statement and the Official Statement; and

(vi) such other matters as the Underwriter may reasonably request.

(i) A certificate of the Trustee, dated the Closing Date and signed by an authorized officer of the Trustee, in form and substance satisfactory to the Underwriter.

(j) The Borrower's 15c2-12 Certificate, substantially in the form attached hereto as Exhibit D, duly executed by the Borrower.

(k) Certified copies of the organizational documents of the Borrower and copies of the resolutions or actions of its partners (if applicable) authorizing the execution and delivery of the Borrower Documents.

(l) The Financing Documents (or certified copies thereof) duly executed and delivered by the respective parties thereto, with such amendments, modifications or supplements as may have been agreed to by the Issuer, Bond Counsel and the Underwriter.

(m) Written evidence satisfactory to the Underwriter that Moody's Investors Service, Inc. (the "Rating Agency") has issued a rating of "Aaa/VMIG 1" for the Bonds and such rating shall be in effect on the Closing Date.

(n) Such additional legal opinions, certificates, instruments and other documents as the Underwriter, the Issuer or Bond Counsel may reasonably deem necessary to evidence the truth and accuracy as of the Closing Date of the respective representations and warranties of the Issuer and the Borrower herein contained and of the Official Statement, and to evidence compliance by the Issuer and the Borrower with this Purchase Contract and all applicable legal requirements, and the due performance and satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower.

10.3 If any of the conditions set forth in Section 10.1 or 10.2 hereof have not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Purchase Contract or proceed to Closing upon waiving any rights under this Purchase Contract with respect to any such condition. If this Purchase Contract is terminated pursuant to this Section 10, no party hereto will have any rights or obligations to any other party hereto under this Purchase Contract, except as provided in Section 13 hereof.

Section 11. Actions and Events at the Closing.

The following events will take place at the Closing:

(a) The Issuer will cause the Trustee to deliver the Bonds to the Underwriter. The Bonds so delivered will be in the form required by the Indenture, duly authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York.

(b) The Issuer and the Borrower, as applicable, will deliver or cause to be delivered to the Underwriter at the offices of Bond Counsel, or at such other place or places as the Issuer, the Borrower and the Underwriter may mutually agree upon, the materials described in Section 10.1 and Section 10.2 hereof.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer, a wire, payable in immediately available funds, in an amount equal to the purchase price of the Bonds as set forth in Exhibit A hereto.

Section 12. Termination of Agreement.

The Underwriter may terminate this Purchase Contract, without liability therefor, by notifying the Issuer and the Borrower at any time prior to the Closing, if:

(a) Legislation is enacted or introduced in the Congress or recommended to the Congress for passage by the President of the United States, or favorably reported for passage to either house of the Congress of the United States by a committee of such house to which such legislation has been referred for consideration, or a decision is rendered by a court established under Article III of the Constitution of the United States or by the Tax Court of the United States, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice or official statement is issued or made: (i) by or on behalf of the President, the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the owners of the Bonds, or (ii) by or on behalf of the SEC, or any other governmental entity having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds or any arrangements underlying the Bonds, are not exempt from registration under the 1933 Act, or that the Indenture is not exempt from qualification under the Trust Indenture Act of 1939, as amended;

(b) The declaration of a general banking moratorium by federal, New York or State authorities, or general suspension of trading in securities on the New York Stock Exchange any other national securities exchange, or the establishment by the New York Stock Exchange, by the SEC, by any federal or state agency or by the decision of any court, of any limitation on prices for such trading, or any outbreak or escalation of hostilities or occurrence of any other national or international calamity or crisis, or escalation of such calamity or crisis, the effect of which on the financial markets of the United States shall be such as to make it impracticable for the Underwriter to proceed with the purchase and offering of the Bonds;

(c) Any event or circumstance exists that either makes untrue or incorrect any statement of a material fact in the Official Statement, or is omitted from the Official Statement, but reference to such event or circumstance should be included therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and in either such event, the Borrower either refuses to permit the Official Statement to be supplemented to correct the deficiency, or the effect of the Official Statement as so supplemented would materially adversely affect the market price or marketability of the Bonds or the ability of the Underwriter to enforce contracts for the sale of the Bonds;

(d) The imposition by the New York Stock Exchange or other national securities exchange, or any governmental entity, of any restrictions not now in force with respect to any of the Bonds or obligations of the general character of the Bonds or securities generally, or the increase of any such restrictions now in force, including those relating to the extension of credit by, or the charge to the net capital requirements of the Underwriter;

(e) An order, decree or injunction of any court of competent jurisdiction, or order, filing, regulation or official statement by the SEC, or any other governmental entity having jurisdiction of the subject matter, issued or made to the effect that the issuance, offering or sale of obligations of the general character of the Bonds or the issuance, offering or sale of the Bonds or any arrangements underlying the Bonds, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, is or would be in violation of the federal securities laws as then in effect;

(f) The rating on the Bonds shall have been downgraded or withdrawn by the Rating Agency; or

(g) A material disruption in commercial banking, securities settlement, payment, or clearance services shall have occurred.

Section 13. Fees and Expenses.

13.1 The Borrower shall pay to the Underwriter a fee in the amount of \$[_____] plus \$[_____] for certain fees and expenses (the “Underwriter’s Fee”), payable in immediately available funds on the Closing Date from which the Underwriter will pay certain expenses. The Underwriter’s Fee shall not include the fee of the Underwriter’s counsel. The Borrower acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred in connection with the issuance of the Bonds. The Borrower has agreed to pay the Underwriter’s Fee set forth in this Section 13.1, and inclusive in the expense component of the Underwriter’s Fee are actual expenses incurred or paid for by the Underwriter on behalf of the Borrower in connection with the marketing, issuance, and delivery of the Bonds, including, but not limited to, advertising expenses, the costs of any preliminary and final blue sky memoranda, CUSIP fees, and transportation, lodging, and meals for the Borrower’s employees and representatives, if any.

13.2 The Borrower shall pay the costs of issuance of the Bonds, including all expenses incident to the performance of the Underwriter’s and the Issuer’s obligations hereunder, including, but not limited to, (i) the cost of the preparation, printing or other reproduction of this Purchase Contract, the Preliminary Official Statement and the Official Statement, as either may be supplemented or amended, the Indenture and the other Financing Documents in reasonable quantities for distribution; (ii) the cost of engraving, reproducing and signing the definitive Bonds; (iii) the reasonable fees and disbursements of all applicable legal counsel, including Bond Counsel, counsel to the Issuer, counsel to the Trustee (if any), and counsel to the Underwriter; (iv) the initial fees and costs of paying the Trustee and all paying agents, transfer agents and registrars; (v) the fees and expenses of the Issuer; (vi) CUSIP fees; (vii) the cost of qualifying the Bonds for sale in various states chosen by the Underwriter and the cost of preparing or printing any Preliminary Blue Sky Survey to be used in connection with such sale; (viii) the fees and expenses of the experts retained by the Borrower with respect to the acquisition, rehabilitation and financing of the Project; (ix) the fees of the Rating Agency in connection with the rating of the Bonds; (x) normal travel costs, including reasonable transportation and lodging; (xi) ordinary and reasonable meals hosted by the Underwriter that are directly related to the offering contemplated by this Purchase Contract; and (xii) all other applicable fees of professionals hired in conjunction with the issuance of the Bonds; Notwithstanding anything to the contrary, in the event the transaction contemplated hereby does not close, the Borrower shall pay all fees and expenses incurred in connection with the transaction.

13.3 The Underwriter will pay all expenses (other than those described in Section 13.2) incurred by the Underwriter in connection with its public offering and sale of the Bonds.

13.4 In the event that the Issuer, the Borrower or the Underwriter shall have paid obligations of the other as set forth in this Section, appropriate adjustments will promptly be made.

13.5 In addition to the provisions set forth in Section 14 hereto, the Borrower shall indemnify the Issuer and the Underwriter with respect to the foregoing costs and expenses in the event that the purchase provided for herein is not consummated.

Section 14. Indemnification.

14.1 The Borrower will indemnify and hold harmless the Issuer and the Underwriter, and each of their officers, directors, employees, agents, officials, members, commissioners, board members and each person who “controls” (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Issuer and the Underwriter (each referred to individually as an “*Indemnified Party*” and collectively as the “*Indemnified Parties*”) against any losses, claims, expenses (including, without limitation, to the extent permitted by law, reasonable attorneys’ fees and expenses actually incurred), damages or liabilities, causes of action (whether in contract, tort or otherwise), suits, claims, demands and judgments of any kind, character and nature (collectively referred to herein as the “*Liabilities*”), joint or several, to which the Indemnified Parties may be threatened or become subject, caused by or directly or indirectly arising from or in any way relating to (i) the Bonds, the Project, the loan of the proceeds of the Bonds, this Purchase Contract or any document related to the Bonds, the Project or the loan of the proceeds of the Bonds or any transaction or agreement, written or oral, pertaining to the foregoing, (ii) any untrue statement or alleged untrue statement of any material fact contained in the Preliminary Official Statement or the Official Statement, or any supplement or amendment thereto, or (iii) any omission or alleged omission to state in the Preliminary Official Statement or the Official Statement a material fact necessary to be stated therein in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading. This indemnification provision shall not be construed as a limitation on any other liability which the Borrower may otherwise have to any indemnified person, provided that in no event shall the Borrower be obligated for double indemnification, in that the Borrower shall not be required to indemnify an Indemnified Party more than once with respect to a specific indemnification obligation arising as the result of a specific event. Notwithstanding the foregoing, the Borrower shall not be required to indemnify the Indemnified Parties for the gross negligence or willful misconduct of the Indemnified Parties.

14.2 The indemnity agreements in paragraph 14.1 of this Section 14 shall be in addition to any liability which the Borrower may otherwise have hereunder or under the other Borrower Documents, and shall extend on the same terms and conditions to each member, principal, official, officer, commissioner, board member, attorney or employee of the Borrower and to each person, if any, who “controls” (as such term is used in Section 15 of the 1933 Act and Section 20 of the 1934 Act) the Borrower.

14.3 Promptly after receipt by an Indemnified Party under paragraph 14.1 of this Section of notice of the commencement of any action against such Indemnified Party in respect of which indemnity or reimbursement may be sought against the Borrower under any such paragraph, such Indemnified Party will notify the Borrower in writing of the commencement thereof; provided that any delay or failure to give such notification shall be of no effect except to the extent that the Borrower is prejudiced thereby.

14.4 In case any action, claim or proceeding, as to which the Borrower is to provide indemnification hereunder, shall be brought against the Indemnified Party and the Indemnified Party notifies the Borrower of the commencement thereof, the Borrower may, or if so requested by the Indemnified Party shall, participate therein or assume the defense thereof, with counsel reasonably satisfactory to the Indemnified Party; provided that, except as provided below, the Borrower shall not be liable for the expenses of more than one separate counsel representing the Indemnified Parties in the action, claim or proceeding.

14.5 If the Borrower shall not have employed counsel to have charge of the defense of the action, claim or proceeding, or if any Indemnified Party shall have concluded reasonably that there may be a defense available to it or to any other Indemnified Party which is different from or in addition to those available to the Borrower or to any other Indemnified Party (hereinafter referred to as a “*separate defense*”), (i) the Borrower shall not have the right to direct the defense of the action, claim or proceeding on behalf of the Indemnified Party, and (ii) reasonable legal and other expenses incurred by the Indemnified Party

(including without limitation, to the extent permitted by law, reasonable attorney's fees and expenses actually incurred) shall be borne by the Borrower; provided, that the Borrower shall not be liable for the expenses of more than one additional separate counsel for each Indemnified Party with respect to such separate defenses. For the purpose of this paragraph, an Indemnified Party shall be deemed to have concluded reasonably that a separate defense is available to it or any other Indemnified Party if (a) such Indemnified Party shall have requested an unqualified written opinion from Independent Counsel to the effect that a separate defense exists, and such Independent Counsel shall have delivered such opinion to the Indemnified Party within ten (10) days after such request or (b) the Borrower agrees that a separate defense is so available. For purposes of this paragraph, Independent Counsel shall mean any attorney, or firm or association of attorneys, duly admitted to practice law before the supreme court of any state and not a full-time employee of any Indemnified Party. Nothing contained in this paragraph 14.5 will preclude any Indemnified Party, at its own expense, from retaining additional counsel to represent such party in any action with respect to which indemnity may be sought from the Borrower hereunder.

14.6 The Borrower agrees to reimburse any Indemnified Party for any reasonable expense (including reasonable fees and expenses of counsel) incurred as a result of producing documents, presenting testimony or evidence, or preparing to present testimony or evidence (based upon time expended by an Indemnified Party at its then current time charges), in connection with any court or administrative proceeding (including any investigation which may be preliminary thereto) arising out of or relating to any public distribution of the Bonds. The Borrower will not be required to reimburse any Indemnified Party if such court or administrative hearing arises out of the gross negligence of, willful misconduct or breach of, this Purchase Contract by an Indemnified Party.

14.7 In order to provide for just and equitable contribution in circumstances in which the indemnity provided for in paragraph 14.1 or 14.2 of this Section 14 is for any reason held to be unavailable, the Borrower and the Indemnified Party shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Indemnified Party may be subject, so that the Indemnified Party is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds bears to the aggregate offering price of the Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Indemnified Party be responsible for any amount in excess of the fees paid by the Borrower to the Indemnified Party in connection with the issuance and administration of the Bonds; and provided, further, that the foregoing limitation on an Indemnified Party's liability or responsibility shall not be applicable if the indemnity provided for in paragraph 14.1 or 14.2 is unavailable or inapplicable due to the gross negligence or willful misconduct of any Indemnified Party. No person guilty of fraudulent misrepresentation (within Section 10(b) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such misrepresentation.

14.8 The Indemnified Parties, other than the Underwriter and the Issuer, shall be considered to be third-party beneficiaries of this Purchase Contract for purposes of this Section 14. The provisions of this Section 14 will be in addition to all liability which the Borrower may otherwise have and shall survive any termination and cancellation of this Purchase Contract, the offering and sale of the Bonds and the payment or provisions for payment of the Bonds.

14.9 Notwithstanding anything to the contrary in this Purchase Contract, the Issuer may employ its own counsel (whether one or more separate counsel) in any manner it deems appropriate and the Borrower shall indemnify the Issuer for fees and expenses of such counsel.

Section 15. Limitation of Liability.

Notwithstanding any provision herein to the contrary, any member, officer, director, partner, agent, commissioner, board members or employee of the Issuer, the Underwriter or the Borrower, including any person executing this Purchase Contract, shall not bear any liability as a result of any failure of the Issuer, the Underwriter or the Borrower to perform the obligations of each, respectively, set forth in this Purchase Contract.

Section 16. Miscellaneous.

16.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following address or such other address as either of the parties shall specify:

If to the Underwriter:	Stifel, Nicolaus & Company, Incorporated 800 Shades Creek Parkway, Suite 750 Birmingham, AL 35209 Attention: Britton P. Henig
If to the Issuer:	Manor Housing Public Facility Corporation 105 E Eggleston Street Manor, Texas 78653 Attention: City Manager
If to the Borrower:	Manor Leased Housing Associates I, Limited Partnership c/o Dominion Development & Acquisition, LLC 2905 Northwest Boulevard, Suite 150 Plymouth, Minnesota 55441 Attention: Neal Route

16.2 This Purchase Contract will inure to the benefit of and be binding upon the parties hereto and their successors and assigns and, except as provided in Section 14 hereof will not confer any rights upon any other person. The terms “successor” and “assigns” will not include any purchaser of any of the Bonds from the Underwriter merely because of such purchase.

16.3 This Purchase Contract may not be assigned by any of the parties hereto prior to the Closing.

16.4 If any provision of this Purchase Contract is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Purchase Contract invalid, inoperative or unenforceable to any extent whatever.

16.5 This Purchase Contract will be construed in accordance with and governed by the internal laws of the State, without regard to conflict of law principles of the State.

16.6 This Purchase Contract may be executed in several counterparts (including counterparts exchanged by email in PDF format), each of which will be regarded as an original and all of which will constitute one and the same document.

Section 17. Survival of Certain Representations and Obligations.

The respective agreements, covenants, representations, warranties and other statements of the Issuer and the Borrower and each of their respective officers set forth in or made pursuant to this Purchase Contract shall survive delivery of and payment for the Bonds and shall remain in full force and effect, regardless of any investigation, or statements as to the results thereof, made by or on behalf of the Underwriter.

Section 18. Prohibition on Boycotts.

By entering into this Purchase Contract, the Underwriter certifies that it and its parent company, wholly or majority-owned subsidiaries, and other affiliates, if any, are not currently engaged in, or for the duration of this Purchase Contract will not engage in, a boycott of goods or services from the State of Israel; companies doing business in or with the State of Israel or authorized by, licensed by, or organized under the laws of the State of Israel; or persons or entities doing business in the State of Israel. The Underwriter understands that “boycott” means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations, but does not include an action made for ordinary business purposes.

[Remainder of Page Intentionally Left Blank]

If the foregoing is in accordance with your understanding, please sign and return to us two counterparts hereof and, upon the acceptance hereof by the Issuer and the Borrower, this Purchase Contract and such acceptance shall constitute the binding agreement among us as to the matters set forth above.

Very truly yours,

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Britton P. Henig
Managing Director

[Signatures continue on following page]

[Issuer's signature page to Tower Road Apartments Purchase Contract]

**MANOR HOUSING PUBLIC FACILITY
CORPORATION**

By: _____
Dr. Christopher Harvey
President

Attest:

By: _____
Lluvia Almaraz
Secretary

[Signatures continue on following page]

[Borrower's signature page to Tower Road Apartments Purchase Contract]

**MANOR LEASED HOUSING ASSOCIATES I,
LIMITED PARTNERSHIP,**
a Texas limited partnership

By: MHPFC TRGP1, LLC,
a Texas limited liability company, its
General Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

EXHIBIT A

TERMS OF BONDS

**Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024**

<u>Dated Date</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Price</u>
October [__], 2024	[____ __, 20__]	[____ __, 20__]	[\$64,819,000]	___%	100%

EXHIBIT B

PROPOSED FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL

_____, 2024

Stifel, Nicolaus & Company, Incorporated
Birmingham, Alabama

\$[64,819,000]
Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024

[TO COME]

EXHIBIT C**FORM OF OPINION OF COUNSEL TO THE BORROWER**

October __, 2024

Stifel, Nicolaus & Company, Incorporated
Birmingham, Alabama

Manor Housing Public Facility Corporation
Manor, Texas

[\$64,819,000]
Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024

Ladies and Gentlemen:

We have acted as counsel to Manor Leased Housing Associates I, Limited Partnership (the “Borrower”), in connection with the issuance of the above-captioned bonds (the “Bonds”) by the Manor Housing Public Facility Corporation (the “Issuer”).

Capitalized terms used but not defined herein have the meanings assigned to them in the Trust Indenture dated as of October 1, 2024, between the Issuer and BOKF, NA, as trustee (the “Trustee”), or the hereinafter-defined Bond Purchase Agreement.

In our capacity as such counsel, in rendering the opinions set forth below, we have examined, among other things, originals or copies, certified or otherwise identified to our satisfaction, of the following documents: (i) the Preliminary Official Statement, dated October __, 2024, of the Issuer relating to the Bonds (the “Preliminary Official Statement”); (ii) the Official Statement, dated October 3, 2024, of the Issuer relating to the Bonds (the “Official Statement”); (iii) the Regulatory Agreement and Declaration of Restrictive Covenants, among the Issuer, the Trustee and the Borrower, dated as of October 1, 2024; (iv) the Loan Agreement, dated as of October 1, 2024, between the Issuer and the Borrower; (v) the Bond Purchase Agreement, dated October 2, 2024, among the Issuer, the Underwriter named therein and the Borrower (the “Bond Purchase Agreement”); (vi) the Continuing Disclosure Agreement, dated as of October 1, 2024, between the Borrower and the Dissemination Agent named therein; (vii) the Remarketing Agreement, dated as of October 1, 2024, between the Borrower and the Remarketing Agent named therein; (viii) the promissory note, dated the Closing Date, executed by the Borrower; (ix) the Tax Certificate as to Arbitrage and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986, dated the Closing Date, between the Issuer and the Borrower; and (x) such other documents, certificates and instruments as we have deemed necessary for the purposes of reaching the opinion expressed herein. We have also relied as to matters of fact upon a certificate of the Borrower and examined certain other certificates and documents.

In such examination, we have assumed the genuineness of all signatures (other than those relating to the Borrower), the authenticity of all documents submitted to us as originals, and the conformity to the original document of all documents submitted to us as photostatic or certified copies. We have assumed due authorization, execution and delivery of all documents referenced herein by the parties thereto other

than the Borrower and that each of such parties has full power, authority and legal right to execute and deliver each such instrument.

Based upon and subject to the foregoing, we are of the opinion that, as of the date hereof:

(i) The Borrower (a) is a limited partnership validly existing under the laws of the State of Texas (the “State”), (b) is in good standing and duly qualified to transact business in the State, and (c) has full power and authority to execute and deliver the documents listed above numbered (iii) through (ix) (the “Financing Documents”) and the Official Statement and to perform its obligations under each respective agreement.

(ii) The Financing Documents and the Official Statement have each been duly authorized, executed and delivered by the Borrower and the Financing Documents constitute legal, valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except as the enforcement thereof may be limited by (a) applicable bankruptcy, insolvency, moratorium, reorganization and similar laws (including fraudulent conveyance laws) affecting the enforcement of creditors’ rights and remedies generally in effect from time to time, and (b) general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(iii) The execution and delivery of the Financing Documents and the performance by the Borrower of the terms of the respective agreements do not conflict with or violate any other document, instrument, decree, indenture or agreement by which the Borrower is bound.

(iv) No approval, authorization or other action by, or filing with, the State or any agency thereof, is required in connection with the execution and delivery by the Borrower of the Bond Purchase Agreement.

(v) There is no action, suit, proceeding, inquiry or investigation at law or in equity or before any court or public body pending or, to the best of our knowledge, threatened, to challenge the right, power or authority of the Borrower to acquire, own and operate the Project or to perform its obligations under the Bond Purchase Agreement or the other Financing Documents.

(vi) The information in the Preliminary Official Statement and the Official Statement does not contain an untrue statement of fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading as of the date hereof.

We express no opinion as to any matter whatsoever, relating to the accuracy or completeness of any financial accounting or projection information furnished to any party, the accuracy or completeness of any representation made by our clients, the financial status of our clients, the ability of our clients to meet their obligations under any of the above-referenced agreements or any other related document.

Very truly yours,

EXHIBIT D**FORM OF BORROWER'S RULE 15c2-12 CERTIFICATE****[\$64,819,000]****Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024**

The undersigned hereby certifies and represents to Stifel, Nicolaus & Company, Incorporated (the "Underwriter") that the undersigned is authorized to execute and deliver this certificate on behalf of Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the "Borrower"), and hereby further certifies to the Underwriter as follows:

(a) This certificate is delivered to enable the Underwriter to comply with Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934 (the "Rule") in connection with the issuance and sale of the above captioned securities (the "Bonds").

(b) In connection with the issuance and sale of the Bonds, there has been prepared a Preliminary Official Statement, dated October __, 2024, relating to the Bonds (the "Preliminary Official Statement") setting forth information concerning the Bonds and the Borrower.

(c) As used herein, "Permitted Omissions" shall mean the offering price(s), interest rate(s), accreted values, yield to maturity, selling compensation, aggregate principal amount, principal amount per maturity, delivery dates, ratings and other terms of the Bonds depending on such matters and the identity of the Underwriter(s), all with respect to the issuance and sale of the Bonds.

(d) The Preliminary Official Statement is, as of the date thereof, deemed final within the meaning of the Rule, except for Permitted Omissions.

(e) The section of the Preliminary Official Statement entitled "CONTINUING DISCLOSURE" describes the agreement the Borrower expects to make for the benefit of the Bondholders in the Continuing Disclosure Agreement dated as of October 1, 2024, executed by the Borrower and BOKF, NA, as dissemination agent, by which the Borrower will undertake to provide continuing disclosure in accordance with the Rule.

Dated: October __, 2024

[Signature page to follow]

[Signature page to Tower Road Apartments Rule 15c2-12 Certificate]

IN WITNESS WHEREOF, I have hereunto set my hand as of the date set forth above.

**MANOR LEASED HOUSING ASSOCIATES I,
LIMITED PARTNERSHIP,**
a Texas limited partnership

By: MHPFC TRGP1, LLC,
a Texas limited liability company, its
General Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

EXHIBIT E

FORM OF ISSUE PRICE CERTIFICATE

[\$64,819,000]

**Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024**

The undersigned, on behalf of Stifel, Nicolaus & Company, Incorporated (the “Underwriter”), on behalf of itself, hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. Sale of the Bonds. As of the date of this certificate, for each Maturity of the Bonds, the first price at which at least 10% of such Maturity of the Bonds was sold to the Public is the respective price listed in Exhibit A attached to the Bond Purchase Agreement dated October __, 2024 among the Underwriter, Manor Leased Housing Associated I, Limited Partnership, a Texas limited partnership (the “Borrower”), and Manor Housing Public Facility Corporation (the “Issuer”).

2. Defined Terms.

(a) “*Issuer*” means the Manor Housing Public Facility Corporation, a body politic and corporate, not a state agency but an independent instrumentality exercising essential public functions organized and existing under the laws of the State of Texas.

(b) “*Maturity*” means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(c) “*Public*” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than the Underwriter or a related party to the Underwriter. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(d) A person is a “Related Party” to an Underwriter if the Underwriter and the person 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 interests or profit interests 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).

(e) “*Sale Date*” means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is July 27, 2022.

(f) “*Underwriter*” means (i) Stifel, Nicolaus & Company, Incorporated, (ii) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (iii) any person that agrees pursuant

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

3. [Weighted Average Maturity. The Underwriter hereby confirms that the weighted average maturity of the Bonds is not greater than [___] years.]

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Underwriter's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer and the Borrower with respect to certain of the representations set forth in the Tax Exemption Certificate and Agreement and the Provisions of Sections 103 and 141-150 of the Internal Revenue Code of 1986 and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038, and other federal income tax advice that it may give to the Issuer and the Borrower from time to time relating to the Bonds.

Dated: October __, 2024

[Underwriter's signature page to Issue Price Certificate]

Dated as of the date hereof.

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Britton P. Henig
Managing Director

**NEW ISSUE
BOOK-ENTRY ONLY****Rating:**
MOODY'S: "Aaa/VMIG-1"
See "RATING" herein

Subject to compliance by the Issuer and the Borrower with certain covenants, in the opinion of Chapman and Cutler LLP, Special Tax Counsel, under present law, interest on the Bonds is excludible from gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Development or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended) and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations. See "TAX EXEMPTION" herein for a more complete discussion.

\$60,815,000***MANOR HOUSING PUBLIC FACILITY CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(TOWER ROAD APARTMENTS),
SERIES 2024****Dated: Date of Delivery**
Initial Interest Rate: _____ %
Initial Offering Price: _____ %**Optional Redemption Date: May 1, 2027***
Initial Mandatory Tender Date: November 1, 2027*
Maturity Date: November 1, 2042*
CUSIP:** _____

The above-captioned bonds (the "Bonds") are issuable only as fully registered bonds without coupons in the denomination of \$5,000 principal amount or any integral multiple of \$1,000 in excess thereof. Interest on the Bonds will be payable on each May 1* and November 1*, commencing May 1, 2025*. Purchasers of the Bonds will not receive certificates representing their interests in the Bonds. Bonds will be registered in the name of Cede & Co., as registered owner and nominee of The Depository Trust Company, New York, New York. Principal of and interest on the Bonds is payable by BOKF, NA, as trustee (the "Trustee"), to Cede & Co., which is to remit such payments to the Direct Participants (as defined herein) for subsequent disbursement to the purchasers of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds are being issued by the Manor Housing Public Facility Corporation (the "Issuer"), pursuant to a Trust Indenture dated as of October 1, 2024 (the "Indenture"), between the Issuer and the Trustee, to provide financing to Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the "Borrower"), for the acquisition, construction and equipping of a 324-unit residential rental housing development to be located in Manor, Texas, to be known as Tower Road Apartments (the "Development" or the "Project"). Under the terms of the Indenture, an amount equal to the principal amount of the Bonds is to be deposited in the Project Fund established under the Indenture and invested pursuant to the Indenture.

At all times, the Bonds will be secured by Eligible Funds sufficient, with interest earnings thereon (without the need for reinvestment), to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Mandatory Tender Date or any Redemption Date, as further described herein. Eligible Funds will be invested in Eligible Investments under the Indenture. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

The Bonds are subject to optional redemption prior to maturity as set forth herein. See "THE BONDS" herein.

The Bonds are subject to mandatory tender for purchase on the Initial Mandatory Tender Date, subject to satisfaction of the applicable terms and conditions of remarketing set forth in the Indenture, or mandatory redemption, if the conditions to remarketing the Bonds are not met on or before the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. The Bonds may be remarketed and a new interest rate for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture, or the Bonds may be redeemed and cancelled on the Initial Mandatory Tender Date. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

Simultaneously with the issuance of the Bonds, the Issuer will issue its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments) Series 2024 (the "Subordinate Bonds") in the principal amount of \$4,000,000*. The Subordinate Bonds will be issued pursuant to a Subordinate Indenture of Trust dated as of October 1, 2024, between the Issuer and the Trustee, to finance certain additional costs of the Project. The Subordinate Bonds are not being offered pursuant to this Official Statement and will be secured by a trust estate that is separate from the Trust Estate securing the Bonds. Closing on the Subordinate Bonds is dependent on the closing of the Bonds.

NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS AND BENEFICIAL OWNERS THEREOF AGAINST THE SECURITY, THAT IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND THAT SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THE BONDS AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

* Preliminary, subject to change.

** Neither the Issuer nor the Borrower is responsible for the use of the CUSIP numbers referenced in this Official Statement, nor is any representation made by the Issuer or the Borrower as to their correctness; the CUSIP numbers are included solely for the convenience of the readers of this Official Statement.

This cover page contains only a brief description of the Bonds and the security therefor. It is not intended to be a summary of material information with respect to the Bonds. Investors must read this Official Statement in its entirety to obtain information essential to the making of an informed investment decision.

The Bonds are offered when, as and if issued and received by Stifel, Nicolaus & Company, Incorporated (the "Underwriter"), subject to the approval as to their validity by the Attorney General of Texas and by Bickerstaff Heath Delgado Acosta LLP, Austin, Texas and as to their tax-exempt status by Chapman and Cutler LLP, Chicago, Illinois, and certain other conditions. Hilltop Securities Inc., Austin, Texas, has served as Financial Advisor to the Issuer. Certain legal matters will be passed upon for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota, and for the Underwriter by its counsel, Norris George & Ostrow PLLC, Washington, D.C., and by Chapman and Cutler LLP, Chicago, Illinois, disclosure counsel. It is expected that the Bonds will be available for delivery through the facilities of The Depository Trust Company on or about October __, 2024.



Date: _____, 2024

No broker, dealer, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Bonds other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor will there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Issuer has not and does not assume any responsibility as to the accuracy or completeness of the information in this Official Statement, other than the information concerning the Issuer under the caption “The Issuer” and “ABSENCE OF LITIGATION — The Issuer.” The other information set forth herein has been obtained from sources believed to be reliable, but is not guaranteed as to accuracy and is not to be construed as a representation of such by the Underwriter or the Issuer. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder will, under any circumstances, create any implication that there has been no change in the information or opinions set forth herein since the date hereof. The Issuer has not confirmed, and assumes no responsibility for, the accuracy, completeness, sufficiency or fairness of any statements in this Official Statement or any amendments thereof or supplements thereto, or in any reports, financial information, offering or disclosure documents or other information relating to the Borrower, the Project, or the history, businesses, properties, organization, management, financial condition, market area or any other matter relating to the Borrower or contained otherwise in this Official Statement.

BOKF, NA, a national banking association, as Trustee, has not reviewed, provided or undertaken to determine the accuracy of any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to any matters contained in this Official Statement, including, but not limited to, (i) the accuracy or completeness of such information, (ii) the validity of the Bonds, or (iii) the tax-exempt status of the Bonds.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

Upon issuance, the Bonds will not be registered by the Issuer under the Securities Act of 1933, as amended, or any state securities law, and will not be listed on any stock or other securities exchange. Neither the U.S. Securities and Exchange Commission nor any other federal, state or other governmental entity or agency will have passed upon the accuracy or adequacy of this Official Statement or, other than the Issuer (to the extent described herein) approved the Bonds for sale.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT TEND TO STABILIZE OR MAINTAIN THE MARKET PRICE FOR THE BONDS ABOVE THE LEVELS THAT WOULD OTHERWISE PREVAIL. SUCH ACTIVITIES, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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\$60,815,000*
MANOR HOUSING PUBLIC FACILITY CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(TOWER ROAD APARTMENTS),
SERIES 2024

INTRODUCTION

This Official Statement, including the Appendices, has been prepared in connection with the issuance of the above-captioned Bonds (the “*Bonds*”) by the Manor Housing Public Facility Corporation (the “*Issuer*”), a public facility corporation organized and existing under the laws of the State of Texas (the “*State*”). See “THE ISSUER” herein. The Issuer has authorized the issuance of the Bonds by a resolution relating to the issuance of the Bonds adopted by the board of directors of the Issuer on October 16, 2024 (the “*Bond Resolution*”) and the Bonds are issued pursuant to a Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and BOKF, NA, as trustee (the “*Trustee*”). Certain capitalized terms that are used in this Official Statement and not otherwise defined shall have the definitions ascribed to them in “APPENDIX A — DEFINITIONS OF CERTAIN TERMS” hereto.

The Bonds will be issued pursuant to and in accordance with the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”), to provide funds to make a loan (the “*Loan*”) to Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”), to finance or provide for the acquisition, construction and equipping of a 324-unit residential rental housing development to be located in Manor, Texas, to be known as Tower Road Apartments (the “*Project*”). See “THE PROJECT AND THE BORROWER” herein. The terms of the financing are to be as set forth in the Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Issuer and the Borrower. The obligation of the Borrower to repay the Loan pursuant to the Loan Agreement will be evidenced by a promissory note (the “*Note*”). The Issuer was formed by the City of Manor, Texas (the “*Sponsor*”), a Texas Home Rule Municipality. The City Council of the Sponsor authorized the issuance of the Bonds by the Issuer by a resolution on September 16, 2024.

Under the terms of the Indenture, on the date of delivery an amount equal to the proceeds of the Bonds is to be deposited in the Project Fund established under the Indenture, and invested in Eligible Investments. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds” hereto.

The principal of and interest on the Bonds (the “*Bond Service Charges*”) are payable from the security pledged under the Indenture, including the payments on the investment of funds under the Indenture. Under the Indenture, the Trustee is to invest amounts held under the Indenture in Eligible Investments.

* Preliminary, subject to change.

At all times the Bonds will be secured by Eligible Funds sufficient, with interest earnings thereon (without the need for reinvestment), to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Mandatory Tender Date or any Redemption Date, as further described herein. Eligible Funds will be invested in Eligible Investments under the Indenture, as further described in “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.

Simultaneously with the issuance of the Bonds, Associated Bank, National Association, acting in its capacity as administrative agent for the financial institutions that are or may from time to time become parties to the Syndicated Construction Loan Agreement (collectively, the “Lender”), the Trustee, the Title Company, the Bridge Lender (defined herein) and the Borrower will enter into a Disbursing Agreement (the “Disbursement Agreement”), pursuant to which the Lender will agree to transfer certain Eligible Funds to the Trustee for deposit in the Collateral Fund held by the Trustee under the Indenture. Upon the deposit of Eligible Funds into the Collateral Fund, and subject to the other provisions set forth in the Indenture, a like amount of funds will be disbursed by the Trustee from the Project Fund to or at the direction of the Borrower pay the costs of the Project. See “THE MORTGAGE LOAN, COLLATERAL PAYMENTS AND DISBURSEMENT OF BOND PROCEEDS” herein.

The Borrower’s operation of the Project will be subject to the terms of a Tax Exemption Certificate and Agreement dated as of the Closing Date (the “Tax Exemption Agreement”), between the Borrower and the Issuer and a Regulatory Agreement and Declaration of Restrictive Covenants (the “Tax Regulatory Agreement”), among the Borrower, the Trustee and the Issuer (the “Tax Regulatory Agreement”), each of which contains covenants required to maintain the exclusion of interest on the Bonds from gross income for federal income tax purposes. The Tax Regulatory Agreement will require, among other restrictions, that for the Qualified Project Period (as defined therein), 40% of the dwelling units in the Project (except for dwelling units reserved for a resident manager, security personnel and maintenance personnel) are reserved for tenants whose combined annual income does not exceed 60% of the median gross income for the area in which the Project is located, adjusted for family size. See “APPENDIX D – SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT” hereto.

The Bonds will bear interest on the outstanding principal amount thereof at the Initial Interest Rate set forth on the cover page hereof (the “Initial Interest Rate”) from their date of delivery to but not including November 1, 2027* (the “Initial Mandatory Tender Date”), payable on each May 1* and November 1*, commencing May 1, 2025* (each an “Interest Payment Date”).

The Bonds are subject to mandatory tender for purchase or mandatory redemption on the Initial Mandatory Tender Date. In the event the conditions to remarketing set forth in the Indenture are not met, or if any portion of the Bonds cannot be remarketed, all of the Bonds will be subject to mandatory redemption on the Initial Mandatory Tender Date. All Bondholders must tender their Bonds for purchase on the Initial Mandatory Tender Date. A new interest rate

* Preliminary, subject to change.

for the Bonds may be determined on the Initial Mandatory Tender Date in accordance with the terms of the Indenture. If the Bonds are remarketed on the Initial Mandatory Tender Date, the terms of the Bonds after such date may differ materially from the description provided in this Official Statement. Therefore, prospective purchasers of the Bonds on and after the Initial Mandatory Tender Date cannot rely on this Official Statement, but rather must rely upon any disclosure documents prepared in connection with such remarketing.

Brief descriptions of the Issuer, the Bonds, the security for the Bonds, the Borrower, the Project, the Indenture, the Tax Regulatory Agreement, the Tax Exemption Agreement, the Disbursement Agreement and the Loan Agreement are included in this Official Statement. All references herein to the Indenture, the Loan Agreement, the Tax Regulatory Agreement and other documents and agreements are qualified in their entirety by reference to such documents and agreements, copies of which are available for inspection at the offices of the Trustee.

The Bonds are subject to optional and mandatory redemption prior to maturity as set forth herein under “THE BONDS.”

THE MORTGAGE LOAN, COLLATERAL PAYMENTS AND DISBURSEMENT OF BOND PROCEEDS

Simultaneously with the issuance of the Bonds, the Borrower will obtain a mortgage loan (the “*Mortgage Loan*”) from the Lender. Over time, funds provided by the Lender are expected to be deposited into the Collateral Fund (collectively, the “*Collateral Payments*”) in an amount equal to all or a portion of such disbursement as security for the Bonds in exchange for a like amount of Bond proceeds from the Project Fund, which is to be disbursed by the Trustee to or at the direction of the Lender for purposes of paying costs of the Project, all in accordance with the Loan Agreement and the Indenture. The maximum aggregate amount of funds from the Lender to be deposited as Collateral Payments over time will be \$60,815,000*.

Bond Service Charges will be payable as they become due, in the following order: (i) from money on deposit in the Negative Arbitrage Account of the Bond Fund (but only to pay the interest portion of any Bond Service Charges), (ii) from money on deposit in the Bond Fund (other than the Negative Arbitrage Account), (iii) from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, (iv) from money on deposit in the Project Fund and transferred as necessary to the Bond Fund and (v) from money on deposit in the Negative Arbitrage Account to the Bond Fund (to pay all Bond Service Charges).

Notwithstanding any provision of the Loan Agreement, the Disbursement Agreement or the Indenture to the contrary, the Trustee will not disburse funds from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until (i) an amount equal to or greater than the requested disbursement amount has been deposited in the Collateral Fund in accordance with the provisions of the Indenture and (ii) the Trustee has determined that the sum of the amount then held in the Collateral Fund and the amount then on deposit in the Project Fund, less the anticipated amount of the disbursement from the Project Fund, is at least equal to the then outstanding principal amount of the Bonds. Upon receipt of a Collateral Payment, subject to the foregoing provisions, the Trustee may disburse Bond proceeds to or at the direction

of the Lender for use by the Borrower to pay costs of the Project, in accordance with the terms of the Loan Agreement.

The amounts on deposit in the Project Fund, the Bond Fund and the Collateral Fund will be invested on the date of delivery of the Bonds in Eligible Investments. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds” hereto. At all times the Bonds will be secured by Eligible Investments or other Eligible Funds sufficient, together with interest earnings thereon (without the need for reinvestment), to pay all of the interest on the Bonds when due and to pay the principal of the Bonds at the earlier of any Redemption Date or any Mandatory Tender Date, as further described herein.

THE ISSUER

The Issuer is a nonprofit public facility corporation created and existing under the laws of the State. The Issuer was duly created and organized pursuant to and in accordance with the provisions of the Act for the purpose of, among other things, issuing bonds to finance “public facilities” of the Sponsor, a Texas Home Rule Municipality. Chapter 303 authorizes the Issuer to (a) issue bonds to finance, refinance or provide public facilities on behalf of the Sponsor; (b) use the proceeds of its bonds to maintain reserve funds determined by the Sponsor and the Issuer to be necessary and appropriate; (c) pay any costs relating to the issuance or incurrence of bonds by the Issuer; and (d) mortgage or pledge a public facility financed by the Issuer as security for the payment of any connected bonds. On October 16, 2024, the Issuer adopted a resolution authorizing the issuance of the Bonds pursuant to the authority of the provisions of the Act and the Sponsor adopted a resolution approving the issuance of the Bonds by the Issuer in accordance with the provisions of the Act.

Upon the issuance of the Bonds, the Issuer will become the sole member of the general partner of the Borrower. See “THE PROJECT AND THE BORROWER” herein. However, the Issuer will have no direct responsibility with respect to the management and operation of the Project, the servicing of the Mortgage Loan or the collection, payment or transfer of any moneys derived therefrom.

EXCEPT FOR INFORMATION CONCERNING THE ISSUER IN THIS SECTION AND “ABSENCE OF LITIGATION – THE ISSUER,” NONE OF THE INFORMATION IN THIS OFFICIAL STATEMENT HAS BEEN SUPPLIED OR VERIFIED BY THE ISSUER, AND THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS THEREOF AGAINST THE TRUST ESTATE, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR

GENERAL OBLIGATION OF THE ISSUER, THE STATE, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. THE ISSUER HAS NO TAXING POWER.

THE BONDS

The Bonds are available in book-entry only form. See “BOOK-ENTRY ONLY SYSTEM” below. So long as Cede & Co., as nominee of The Depository Trust Company, is the registered owner of the Bonds, references herein to the Bondholders or holders or registered owner or owners of the Bonds mean Cede & Co. and not the beneficial owners of the Bonds.

GENERAL

The Bonds are issuable in the denomination of \$5,000 principal amount or any integral multiple of \$1,000 in excess thereof. The Bonds will initially bear interest at the Initial Interest Rate from the date of delivery to but not including the Initial Mandatory Tender Date and will mature on November 1, 2042* (the “*Maturity Date*”), subject to mandatory tender for purchase or mandatory redemption on the Initial Mandatory Tender Date and redemption on any Redemption Date. Interest will be payable on each Interest Payment Date in accordance with the provisions of the Indenture. Interest will be calculated and be due on the basis of a 360-day year consisting of twelve 30-day months. Principal of and interest on the Bonds will be payable by the Trustee to Cede & Co. as nominee of DTC. See “BOOK-ENTRY ONLY SYSTEM” below.

SPECIAL OBLIGATIONS

NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS AND BENEFICIAL OWNERS THEREOF AGAINST THE SECURITY, THAT IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND THAT SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING

* Preliminary, subject to change.

BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF. THE ISSUER HAS NO TAXING POWER.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THE BONDS AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

OPTIONAL REDEMPTION

The Bonds are subject to optional redemption prior to their maturity from Eligible Funds, at the written direction of an Authorized Borrower Representative (with delivery of a Cash Flow Projection and written notice to the Trustee at least thirty-five (35) days prior to the proposed redemption date and, in the case of a redemption in part, specifying the principal amount of the Bonds to be redeemed) subject to the conditions set forth in the Loan Agreement, either in whole or in part, on or after May 1, 2027* (the “*Optional Redemption Date*”) at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the date fixed for redemption.

MANDATORY REDEMPTION

The Bonds shall be redeemed in whole at a redemption price of 100% of the principal amount of such Bonds, plus accrued interest to the Redemption Date, on any Mandatory Tender Date upon the occurrence of any of the following events: (i) the Borrower has previously elected not to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in the Indenture have not been met by the dates and times set forth in the Indenture, or (iii) the amount on deposit in the Remarketing Proceeds Account at 11:00 a.m. Eastern time on the Mandatory Tender Date is insufficient to pay the Purchase Price (as defined below) of the outstanding Unredeemed Bonds on such Mandatory Tender Date, or (iv) the Trustee has not received an executed copy of the Opinion of Bond Counsel as described in the Indenture by 11:00 a.m. Eastern time on the Mandatory Tender Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the written direction of the Borrower. The Initial Mandatory Tender Date is November 1, 2027*.

* Preliminary, subject to change.

NOTICE OF REDEMPTION

Unless waived by any Holder of Bonds to be redeemed, official notice of redemption shall be given by the Trustee on behalf of the Issuer by mailing a copy of an official redemption notice by first-class mail, postage prepaid, to the Holder of each Bond to be redeemed, at the address of such Holder shown on the Register at the opening of business on the fifth day prior to such mailing, not less than 20 days nor more than 30 days prior to the date fixed for redemption. A second notice of redemption shall be given, as soon as practicable, by first-class mail to the Holder of each Bond which has been so called for redemption but has not been presented and surrendered to the Trustee within 30 days following the date fixed for redemption of that Bond. So long as DTC is the registered owner of the Bonds, notice of any redemption with respect to the Bonds will be given only to DTC or its nominee. Any failure of DTC to notify the Beneficial Owners of any such notice and its contents or effect will not affect the validity of such notice of any proceedings for the redemption of such Bonds. Failure to receive notice by mailing or any defect in that notice regarding any Bond shall not affect the validity of the proceedings for the redemption of any other Bond. With respect to a mandatory redemption pursuant to the heading “Mandatory Redemption” above, the notice of Mandatory Tender provided to Holders pursuant to the Indenture shall serve as the notice of redemption required by this section and shall satisfy the requirements of this section and no further notice of redemption will be required to the Holders.

MANDATORY TENDER

(a) The Unredeemed Bonds are subject to mandatory tender in whole and not in part on the Mandatory Tender Date and shall be purchased at a price (the “Purchase Price”) equal to 100% of the principal amount of such Bonds, without premium. No later than 10:00 a.m., Eastern time, on the Mandatory Tender Date, the Holders of the Unredeemed Bonds shall deliver such Bonds to the Trustee. The Trustee shall utilize the following sources of payments to pay the Purchase Price of the Unredeemed Bonds not later than 2:30 p.m. Eastern time on the Mandatory Tender Date, in the following priority: (i) amounts on deposit in the Remarketing Proceeds Account, and (ii) any other Eligible Funds available or made available for such purpose at the direction of an Authorized Borrower Representative.

(b) The Trustee is required under the Indenture to, not less than thirty (30) days before the Mandatory Tender Date, give written notice of tender and remarketing to the Holders of Unredeemed Bonds by first class mail, postage prepaid, at their respective addresses appearing in the Register. The notice shall state the Mandatory Tender Date and that:

(i) all outstanding Unredeemed Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date and must be tendered for purchase on the Mandatory Tender Date;

(ii) all outstanding Unredeemed Bonds will be purchased on the Mandatory Tender Date at a price equal to the Purchase Price;

(iii) Holders will not have the right to elect to retain their Unredeemed Bonds and any such Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date; and

(iv) the address of the office of the Trustee at which Holders should deliver their Unredeemed Bonds for purchase on the Mandatory Tender Date.

If notice is given as stated in this subsection, failure of any Holder to receive such notice, or any defect in the notice, shall not affect the remarketing or the validity of the proceedings for the remarketing of the Unredeemed Bonds.

NO ADDITIONAL PARITY BONDS

The Indenture does not permit the Issuer to issue additional indebtedness prior to or on a parity with the Bonds.

BOOK-ENTRY ONLY SYSTEM

The following information on the Book-Entry System applicable to all Bonds has been supplied by DTC and neither the Issuer, the Borrower nor the Underwriter make any representation, warranties or guarantees with respect to its accuracy or completeness.

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC or its agent.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by

the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“*Indirect Participants*”). DTC has a S&P Global Ratings’ rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“*Beneficial Owner*”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Trustee and request that copies of the notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI

Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions and dividends (“*debt charges payments*”) on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Issuer or Trustee on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC, the Trustee, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions or dividends (“*debt charges*”) to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information above in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer and the Underwriter take no responsibility for the accuracy thereof. The Issuer has no role in the purchases, transfers or sales of book entry interests. The rights of Beneficial Owners to transfer or pledge their interests, and the manner of transferring or pledging those interests, may be subject to applicable state law. Beneficial Owners may want to discuss with their legal advisers the manner of transferring or pledging their book-entry interests. The Issuer has no responsibility or liability for any aspects of the records or notices relating to, or payments made on account of, beneficial ownership, or for maintaining, supervising or reviewing any records relating to that ownership. The Issuer cannot and does not give any assurances that DTC, Direct Participants, Indirect Participants or others will distribute to the Beneficial Owners payments of debt charges on the Bonds made to DTC as the registered owner, or any redemption, if any, or other notices, or that they will do so on a timely basis, or that DTC, Direct Participants or Indirect Participants will serve or act in a manner described in this Official Statement.

Direct Participants and Indirect Participants may impose service charges on Beneficial Owners in certain cases. Purchasers of book-entry interests should discuss that possibility with their brokers.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

At all times the Bonds will be secured by Eligible Funds sufficient, with interest earnings thereon (without the need for reinvestment), to pay all of the interest on the Bonds when due and to pay the principal of the Bonds on the earlier of any Mandatory Tender Date or any Redemption Date, as further described herein. Eligible Funds will be invested in Eligible Investments under the Indenture.

The Bonds will be secured under the Indenture by all right, title and interest of the Issuer in and to (i) the Revenues, including, without limitation, all Loan Payments, Collateral Payments and other amounts receivable by the Trustee in respect of repayment of the Loan other than amounts received by the Issuer with respect to Reserved Rights, (ii) the Special Funds, including all accounts in those Funds and all money deposited therein and the investment earnings on such money, (iii) the proceeds derived from the sale of the Bonds, and any securities in which money in the Special Funds are invested, and (except for money required to be rebated to the United States of America under the Internal Revenue Code of 1986, as amended (the “Code”)) the proceeds derived therefrom, and any and all other real or personal property of every name and nature from time to time hereafter by delivery or by writing of any kind pledged, assigned or transferred, as and for additional security under the Indenture by the Issuer or by anyone on its behalf, or with its written consent, to the Trustee, which is authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms of the Indenture, (iv) the Note and (v) the Loan Agreement, except for the Reserved Rights of the Issuer (the foregoing collectively referred to as the “Trust Estate”).

Amounts deposited in the Special Funds and the Rebate Fund are to be invested in Eligible Investments. See “APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Rebate Fund and Investment of Special Funds” hereto.

NOTWITHSTANDING ANY OTHER PROVISION OF THE INDENTURE TO THE CONTRARY, THE ISSUER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE BONDS SOLELY OUT OF THE TRUST ESTATE. THE BONDS SHALL BE A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE TRUST ESTATE. THE BONDS SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE HOLDERS AND BENEFICIAL OWNERS THEREOF AGAINST THE SECURITY, THAT IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS AND THAT SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE INDENTURE. THE BONDS SHALL NEVER CONSTITUTE AN INDEBTEDNESS OR GENERAL OBLIGATION OF THE ISSUER, THE STATE OF TEXAS, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS, WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION WHATSOEVER. NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE SPONSOR OR ANY OTHER POLITICAL SUBDIVISION OF THE STATE OF TEXAS IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF THE BONDS OR THE INTEREST OR ANY PREMIUM THEREON OR OTHER COSTS INCIDENT THERETO. NEITHER THE MEMBERS OF THE BOARD OF DIRECTORS OF THE ISSUER NOR ANY PERSON EXECUTING BONDS SHALL BE LIABLE PERSONALLY ON THE BONDS BY REASON OF THE ISSUANCE THEREOF.

NO MEMBER, DIRECTOR, OFFICER, AGENT, EMPLOYEE OR ATTORNEY OF THE ISSUER, INCLUDING ANY PERSON EXECUTING THE INDENTURE OR THE BONDS, SHALL BE LIABLE PERSONALLY ON THE BONDS OR FOR ANY REASON RELATING TO THE ISSUANCE OF THE BONDS. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE BONDS, OR FOR ANY CLAIM BASED ON THE BONDS, OR OTHERWISE IN RESPECT OF THE BONDS, OR BASED ON OR IN RESPECT OF THE INDENTURE OR ANY SUPPLEMENTAL INDENTURE, AGAINST ANY MEMBER, DIRECTOR, OFFICER, EMPLOYEE OR AGENT, AS SUCH, OF THE ISSUER OR ANY SUCCESSOR, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THE BONDS AND AS PART OF THE CONSIDERATION FOR THE ISSUANCE OF THE BONDS, EXPRESSLY WAIVED AND RELEASED.

THE PROJECT AND THE BORROWER

The information under this heading has been provided solely by the Borrower and has not been independently verified by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, Bond Counsel or Special Tax Counsel. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Underwriter or any of their respective counsel, members, officers or employees, Bond Counsel or Special Tax Counsel.

THE PROJECT

The Project, to be known as Tower Road Apartments, will be located in Manor, Texas, on an approximately 15.435-acre site. The Project is expected to contain 324 apartment units to be located in 11 residential buildings. The Borrower will ground lease the land on which the Project is located from the Issuer (the “Ground Lessor”), pursuant to a Ground Lease dated as of the Closing Date, between the Borrower and the Ground Lessor. The property on which the Project is located is expected to be exempt from property taxation. Construction of the Project is anticipated to commence in [November 2024] and be completed approximately 27 months later.

Common area improvements will include: offices, clubroom and kitchen, fitness center, business center, supportive services room and tutoring services, pool, playground. There will be approximately 583 parking spaces for resident use only. Site amenities include outdoor picnic and grilling areas, pond amenity, walking paths.

The unit mix and approximate square footage for the units of the Project will be as follows:

UNIT TYPE	AVERAGE SQUARE FEET	NUMBER OF UNITS
2 Bedroom 2 Bath (60% AMI)	853	78
3 Bedroom 2 Bath (60% AMI)	1,177	114
3 Bedroom 2 Bath 60% AMI	1,211	66
4 Bedroom 2 Bath (60% AMI)	1,375	66
TOTAL		324

THE BORROWER

The Borrower is a single purpose entity formed to acquire, rehabilitate and operate the Project. Upon the issuance of the Bonds, the Borrower's general partner will be MHPFC TRGP1 LLC, a Texas limited liability company (the "*General Partner*"), which will have a 0.005% ownership interest in the Borrower and the Borrower's Class B Limited Partner will be Manor Leased Housing Associates LP I, LLC, a Minnesota limited liability company (the "*Class B Limited Partner*"), which will have a 0.005% ownership interest in the Borrower. RBC Community Investments, LLC, an Illinois limited liability company (the "*Investor Limited Partner*"), will own a 99.989% interest in the Borrower and RBC Community Investments Manager II, Inc., Delaware corporation will own a 0.001% interest in the borrower.

THE DEVELOPER

The developer is Manor Leased Housing Development I, LLC, a Minnesota limited liability company (the "*Developer*").

Dominium, Inc., an affiliate of the Developer, has been in the business of acquiring, owning and developing affordable apartment complexes for more than 50 years. Founded in 1972, Dominion and its affiliates have been involved in the development of more than 230 apartment complexes containing approximately 38,000 units in 23 states. These projects include more than 200 low-income housing tax credit projects.

LIMITED ASSETS AND OBLIGATION OF BORROWER, GENERAL PARTNER AND INVESTOR LIMITED PARTNER

The Borrower and the General Partner have no substantial assets other than the Project and do not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Project. However, the General Partner, the Investor Limited Partner, and their affiliates are engaged in and will continue to engage in the acquisition, development, ownership and management of similar types of housing projects. They may be financially interested in, as officers, partners or otherwise, and devote substantial times to, business and activities that may be inconsistent or competitive with the interests of the Project.

The obligations and liabilities of the Borrower under the Loan Agreement and the Note are of a non-recourse nature and are limited to the Project and moneys derived from the operation of the Project. Neither the Borrower nor its partners have any personal liability for payments on the Note to be applied to pay the principal of and interest on the Bonds. Furthermore, no representation is made that the Borrower has substantial funds available for the Project. Accordingly, neither the Borrower's financial statements nor those of its partners are included in this Official Statement.

THE PROPERTY MANAGER

The Project will be managed by Dominion Texas Management Services, LLC, a Texas limited liability company or its affiliates (collectively, the “*Property Manager*”). The Property Manager is an affiliate of the Developer.

The Property Manager has been involved in the management of apartment complexes since 1976. The Property Manager currently manages more than 215 apartment complexes comprising a total of approximately 38,000 units throughout the United States. The Property Manager was formed in 1976 and currently has a staff of over 400 corporate personnel and 800 site employees.

THE GENERAL CONTRACTOR

The general contractor for the Project will be Tower Road Contractor, LLC (the “*General Contractor*”). The General Contractor is a Texas limited liability company affiliated with the General Partner and the Issuer, but not with the Developer. The General Contractor has engaged WD Construction, LLC (the “*Subcontractor*”) to perform all of the work to be performed by the General Contractor under a construction contract entered into between the Borrower and the General Contractor. The Subcontractor is an affiliate of the Developer.

THE ARCHITECT

The architect for the Project is Boarman Kroos Vogel Group, Inc., d/b/a BKV Group (the “*Architect*”). The Architect is not an affiliate of the Developer. The Architect has been a licensed architect for over 45 years and has been the principal architect for approximately 400 multifamily developments with an excess of 33,000 units throughout 23 states.

THE LENDER

The Lender will, upon satisfaction of certain conditions precedent, make the Mortgage Loan to the Borrower.

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PLAN OF FINANCING*

The estimated sources and uses of funds for the Project are projected to be approximately as follows:

SOURCES OF FUNDS*

Bond Proceeds ¹	\$ 60,815,000
Federal Tax Credit Equity ²	38,060,795
Funding Loan ¹	69,700,000
Subordinate Bonds	4,000,000
GP and SLP Equity Contribution	200
Deferred Developer Fee	9,503,459
Bond Earnings	8,847,248
TOTAL	<u>\$190,926,702</u>

USES OF FUNDS*

Project Acquisition	\$ 4,500,000
Construction Costs	77,778,800
Professional Services & Soft Costs	3,063,770
Permanent Financing Costs	492,461
Total Costs of Issuance	2,088,092
Tax Credit Fees	215,962
Project Reserves and Escrows	26,124,403
Developer Fee	14,775,153
Closing Cost	423,797
Construction Financing Costs	649,24
Deposit with Bond Trustee	60,815,000
TOTAL	<u>\$190,926,702</u>

¹ Subject to the satisfaction of certain conditions, the Bonds may be redeemed on or prior to the Initial Mandatory Tender Date with certain Eligible Funds, including the proceeds of a loan in an amount not to exceed \$[69,700,000]* (the "Funding Loan") from JLL Real Estate Capital, LLC, an Illinois limited liability company in its capacity as the Freddie Mac Seller/Service (the "Freddie Mac Seller/Service"), which Funding Loan, if issued, is expected to be sold to Federal Home Loan Mortgage Corporation ("Freddie Mac").

² A portion of the tax credit equity is expected to be initially funded using the Equity Bridge Loan (defined below), which will then be repaid with capital contributions from the Investor Limited Partner.

All costs of issuing the Bonds, including the Underwriter's fee, will be paid by the Borrower.

The Mortgage Loan. The Project will utilize a construction loan in the principal amount of up to \$[_____]* (the "Mortgage Loan"). The Mortgage Loan will be secured by a senior mortgage on the Project and the obligation to repay the Mortgage Loan will be evidenced by a promissory note (the "Mortgage Note") from the Borrower to the Lender. The Mortgage Note

* Preliminary, subject to change.

will have a term of 36* months, with the right to one six-month extension, and will bear interest at 30 day SOFR (with a floor of 3.15%*) plus 2.85%*, with no payments of principal except from equity contributions during the term, and with all unpaid principal and interest due at maturity. Up to \$60,810,515* of Mortgage Loan proceeds will be disbursed from time to time by the Lender to the Trustee for deposit into the Collateral Fund to allow for a corresponding amount of Bond proceeds to be disbursed to the Project.

The Federal Low Income Housing Tax Credits. Prior to the issuance of the Bonds, the Borrower sold to the Investor Limited Partner a 99.989% ownership interest in the Borrower. Pursuant to the sale, the funding of the Federal Low Income Housing Tax Credit equity will total approximately \$38,060,795*. The funding levels and the timing of the funding are subject to numerous adjustments and conditions which could result in the amounts funded and/or the timing or even occurrence of the funding varying significantly from the projections set forth above and neither the Issuer nor the Underwriter makes any representation as to the availability of such funds.

Subordinate Bonds. Simultaneously with the issuance of the Bonds, the Issuer will issue its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments) Series 2024 (the “*Subordinate Bonds*”) in the principal amount of \$4,000,000*. The Subordinate Bonds will be issued pursuant a Subordinate Indenture of Trust dated as of October 1, 2024, between the Issuer and the Trustee, to finance certain additional costs of the Project. The Subordinate Bonds are not being offered pursuant to this Official Statement and will be secured by a trust estate that is separate from the Trust Estate securing the Bonds, including by a subordinate mortgage against the Project subordinate to the Mortgage Loan. The proceeds of the Subordinate Bonds will be loaned by the Issuer to the Borrower pursuant to the terms of a Subordinate Loan Agreement dated as of October 1, 2024, between the Issuer and the Borrower, and the obligation to repay the such loan will be evidenced by a subordinate promissory note from the Borrower to the Issuer. Closing on the Subordinate Bonds is dependent on the closing of the Bonds.

[Equity Bridge Loan. The Project will also utilize an equity bridge loan (the “*Equity Bridge Loan*”) from Bremer Bank, National Association (the “*Bridge Lender*”), in the original principal amount of \$____, pursuant to the [Bridge Loan Agreement] (the “*Bridge Loan Agreement*”). The obligation to repay the Equity Bridge Loan will be evidenced by a promissory note (the “*Bridge Note*”) from the Borrower to the Bridge Lender, which will bear interest at a rate of [____]%*. The Equity Bridge Loan will be secured by certain equity interests in the Borrower, capital contributions payable to the Borrower under the Partnership Agreement, [and a second priority Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated as of the date of the Bridge Loan Agreement (the “*Bridge Mortgage*”), made by the Borrower in favor of a deed of trust trustee for the benefit of the Bridge Lender.]

Deferred Developer Fee. The Project will also utilize deferred developer fee in the amount of \$9,503,459* as a source of funding. The obligation to pay the deferred developer fees

* Preliminary, subject to change.

will be set forth in a promissory note from the Borrower to the developer. The note will be payable from net cash flow.

PROJECT REGULATION

The Borrower intends to construct and operate the Project as a qualified residential rental project in accordance with the provisions of Section 142(d) of the Code. Concurrently with the issuance of the Bonds and the closing of the Mortgage Loan, the Borrower, the Issuer and the Trustee will enter into the Tax Regulatory Agreement. Under the Tax Regulatory Agreement, the Borrower will agree that, at all times during the Qualified Project Period, the Borrower will rent at least 40% of the units in the Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). The Borrower will also agree to satisfy the requirements of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended, and Chapter 1372 of the Texas Government Code, as amended. The Qualified Project Period commences on the date the on the first day after the acquisition, construction and installation of the Project by the Borrower on which at least ten percent (10%) of the residential units in the Project are first occupied and ends with respect to the Project on the latest of the date (i) which is fifteen (15) years after the date on which 50 percent (50%) of the residential units in the Project are occupied, (ii) which is the first day on which the Bonds or other tax-exempt private activity bonds (as defined in Section 141(a) of the Code) or similar tax-exempt financing instrument issued with respect to the Development are not outstanding (including any refunding of any such obligations) or (iii) on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates. The failure of the Borrower to comply with the Tax Regulatory Agreement could cause interest on the Bonds to be included in gross income for federal income tax purposes. See “APPENDIX D — SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT” hereto.

The Project will also be encumbered by an Extended Use Agreement required by Section 42 of the Code relating to tax credits, which will (a) restrict the income levels of 100% of the units in the Project to amounts not greater than 60% of the area median income adjusted for family size, and (b) restrict the rents which may be charged to the tenants for occupancy of units in the Project to not more than 30% of 60% of area median income, adjusted for family size.

Additional restrictions are imposed on the Project pursuant to the Tax Regulatory Agreement entered into by the Borrower in connection with the Mortgage Loan.

The sources and uses of funds to be applied under the Indenture are projected to be approximately as follows:

SOURCES OF FUNDS*

Bond Proceeds	\$60,815,000
TOTAL	<u>\$60,815,000</u>

USES OF FUNDS*

Project Fund	<u>\$60,815,000</u>
TOTAL	<u>\$60,815,000</u>

* Preliminary, subject to change.

CERTAIN BONDHOLDERS' RISKS

The purchase of the Bonds will involve a number of risks. The following is a summary, which does not purport to be comprehensive or definitive, of some of such risk factors.

GENERAL

Payment of the Bond Service Charges and the Borrower's obligations with respect to the Bond Service Charges, will be primarily secured by and payable from Bond proceeds held in the Project Fund and money deposited into the Collateral Fund and the Bond Fund, including the Negative Arbitrage Account held in the Bond Fund. Although the Borrower will execute the Note to evidence its obligation to repay the Loan, it is not expected that any revenues from the Project or other amounts, except money in the Special Funds, will be available to satisfy that obligation. The Indenture requires the Trustee to verify, before any disbursement of funds from the Project Fund, that the sum of the funds on deposit in the Special Funds is at least equal to the then outstanding principal amount of the Bonds. Amounts on deposit in the Collateral Fund and Negative Arbitrage Account of the Bond Fund will be sufficient to pay the debt service on the Bonds.

LIMITED SECURITY; INVESTMENT OF FUNDS

The Bonds are special limited obligations of the Issuer payable solely from the Trust Estate, which includes certain funds pledged to and held by the Trustee pursuant to the Indenture.

The Bonds are offered solely on the basis of the amounts held under the Indenture and are not offered on the basis of the credit of the Borrower, the feasibility of the Project or any other security. As a consequence, limited information about the Project and no information about the financial condition or results of operations of the Borrower is included in this Official Statement. The Bonds are offered only to investors who, in making their investment decision, rely solely on the amounts held under the Indenture and not on the credit of the Borrower, the feasibility of the Project or any other security.

The principal of and interest on the Bonds are payable from and secured by certain revenues and funds pledged thereto under the Indenture. The Trustee is required to invest amounts held in the Special Funds in Eligible Investments, as defined in the Indenture. See "APPENDIX B — SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE — Investment of Special Funds" hereto. Failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

EARLY REDEMPTION OF THE BONDS

Any person who purchases a Bond should consider the fact that the Bonds are subject to redemption prior to maturity, upon the occurrence of certain events. See "THE BONDS — Mandatory Redemption" herein.

TAXABILITY

The Bonds would not be subject to redemption, and the rate of interest on the Bonds would not be subject to adjustment, if the interest on the Bonds were to become included in gross income for purposes of federal income taxation. Such event could occur if the Borrower (or any subsequent owner of the Project) does not comply with the provisions of the Tax Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement that are designed, if complied with, to satisfy the continuing compliance requirements of the Code in order for the interest on the Bonds to be excludable from gross income for purposes of federal income tax.

ENFORCEABILITY OF REMEDIES

The remedies available to the Trustee and the owners of the Bonds upon an event of default under the Loan Agreement or the Indenture are in many respects dependent upon regulatory and judicial actions which are often subject to discretion and delay. Under existing law and judicial decisions, the remedies provided for under the Loan Agreement or the Indenture may not be readily available, and the Borrower will have no personal liability for the satisfaction of any obligation of the Borrower under such agreements or of any claim against the Borrower arising out of such agreements or the Indenture.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified to the extent that the enforceability of certain legal rights related to the Bonds and the documents described above is subject to limitations imposed by such things as the exercise of judicial discretion in accordance with general principles of equity (whether applied by a court of law or a court of equity), including judicial limitations on rights to specific performance and bankruptcy, insolvency, reorganization, moratorium or other similar laws heretofore or hereafter in effect affecting creditors' rights, to the extent constitutionally applicable.

SECONDARY MARKETS AND PRICES

The Underwriter will not be obligated to repurchase any of the Bonds, and no representation is made concerning the existence of any secondary market for the Bonds. No assurance can be given that any secondary market will develop following the completion of the offering of the Bonds contemplated by this Official Statement, and no assurance can be given that the Bonds can be resold at their initial offering prices for any period of time.

ISSUER LIMITED LIABILITY

The Bonds will not be insured or guaranteed by any governmental entity or by the Issuer or any member or program participant of the foregoing. The holders of the Bonds will have no recourse to the Issuer in the event of an event of default on the Bonds. See "The Issuer" and "THE BONDS — Special Obligations."

ELIGIBLE INVESTMENTS

Proceeds of the Bonds deposited into the Project Fund and Eligible Funds received by the Trustee for deposit into the Collateral Fund are required to be invested in Eligible Investments. See “APPENDIX A — DEFINITIONS OF CERTAIN TERMS” hereto for the definition of Eligible Investments. There can be no assurance that there will not be a loss resulting from any investment held for the credit of the Project Fund or the Collateral Fund, and any failure to receive a return of the amounts so invested could affect the ability to pay the principal of and interest on the Bonds.

RATING BASED ON ELIGIBLE INVESTMENTS

The rating on the Bonds is based on the amounts in the Special Funds being invested in Eligible Investments. If one or more of such investments fail to meet the rating standards for Eligible Investments after their acquisition and prior to maturity, such a change may result in a downgrade or withdrawal of the rating on the Bonds.

SUBORDINATION TO MORTGAGE LOAN DOCUMENTS

The Indenture, the Loan Agreement, the Note, and the Tax Regulatory Agreement contain provisions regarding subordination of such documents to the Mortgage Loan Documents. No assurance can be given that such provisions will not impair the excludability of interest on the Bonds from gross income for federal income tax purposes.

FUTURE LEGISLATION; IRS EXAMINATION

The Project, its operation and the treatment of interest on the Bonds are subject to various laws, rules and regulations adopted by the local, State and federal governments and their agencies. There can be no assurance that relevant local, State or federal laws, rules and regulations may not be amended or modified or interpreted in the future in a manner that could adversely affect the Bonds, the trust estate created under the Indenture, the Project, or the financial condition of or ability of the Borrower to comply with its obligations under the various transaction documents.

In recent years, the Internal Revenue Service (“IRS”) has increased the frequency and scope of its examination and other enforcement activity regarding tax-exempt bonds. Currently, the primary penalty available to the IRS under the Code is a determination that interest on bonds is subject to federal income taxation. Such event could occur for a variety of reasons, including, without limitation, failure to comply with certain requirements imposed by the Code relating to investment restrictions, periodic payments of arbitrage profits to the United States of America, the timely and proper use of Bond proceeds and the facilities financed therewith and certain other matters. See “Tax Exemption” herein. No assurance can be given that the IRS will not examine the Issuer, the Borrower, the Project or the Bonds. If the Bonds are examined, it may have an adverse impact on their price and marketability.

POTENTIAL IMPACT OF PANDEMICS

Without limiting the generality of the foregoing, an outbreak of a highly contagious, epidemic or pandemic infectious disease such as COVID-19, Zika or Ebola nationally or locally in the Project's market area could adversely affect the Borrower's operations and financial results, including the cost or length of time necessary to complete the construction of the Project. An increase in delinquencies and/or vacancies could depress rental revenue, and operating costs could increase, resulting in a default by the Borrower on its obligations with respect to the Bonds or the Mortgage Loan, including the taxability of interest paid on, and/or the extraordinary mandatory redemption of, the Bonds.

SUMMARY

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Bonds. In order for potential investors to identify risk factors and make an informed investment decision, potential investors should be thoroughly familiar with this entire Official Statement, including the Appendices hereto.

TAX EXEMPTION

Federal tax law contains a number of requirements and restrictions which apply to the Bonds, including investment restrictions, periodic payments of arbitrage profits to the United States, requirements regarding the proper use of bond proceeds and the facilities financed therewith, and certain other matters. The Issuer and the Borrower have covenanted to comply with all requirements that must be satisfied in order for the interest on the Bonds to be excludible from gross income for federal income tax purposes. Failure to comply with certain of such covenants could cause interest on the Bonds to become includible in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds.

Subject to compliance by the Issuer and the Borrower with the above referenced covenants, under present law, in the opinion of Special Tax Counsel, interest on the Bonds is excludible from the gross income of the owners thereof for federal income tax purposes, except for interest on any Bond for any period during which such Bond is owned by a person who is a substantial user of the Project or any person considered to be related to such person (within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code") and is not includible as an item of tax preference in computing the federal alternative minimum tax for individuals under the Code. Interest on the Bonds may affect the corporate alternative minimum tax for certain corporations.

In rendering its opinion, Special Tax Counsel will rely upon certifications of the Issuer and the Borrower with respect to certain material facts within the Issuer's and the Borrower's knowledge. Special Tax Counsel's opinion represents its legal judgment based upon its review of the law and the facts that it deems relevant to render such opinion and is not a guarantee of a result.

Ownership of the Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, corporations subject to the branch profits tax, financial institutions, certain insurance companies, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred (or continued) indebtedness to purchase or carry tax exempt obligations. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability of any such collateral consequences.

The issue price for original issue discount and market discount purposes (the “OID Issue Price”) for the Bonds is the price at which a substantial amount of the Bonds is first sold to the public (excluding bond houses and brokers and similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The OID Issue Price of a maturity of the Bonds may be different from the price set forth, or the price corresponding to the yield set forth, on the cover page hereof.

If the OID Issue Price of a maturity of the Bonds is less than the principal amount payable at maturity, the difference between the OID Issue Price of such maturity, if any, of the Bonds (the “OID Bonds”) and the principal amount payable at maturity is original issue discount.

For an investor who purchases an OID Bond in the initial public offering at the OID Issue Price for such maturity and who holds such OID Bond to its stated maturity, subject to the condition that the Issuer and the Borrower comply with the covenants discussed above, (a) the full amount of original issue discount with respect to such OID Bond constitutes interest which is excludible from the gross income of the owner thereof for federal income tax purposes (except an owner who is a substantial user of the Project or any person considered to be related to such person within the meaning of Section 147(a) of the Code); (b) such owner will not realize taxable capital gain or market discount upon payment of such OID Bond at its stated maturity; (c) such original issue discount is not included as an item of tax preference in computing the alternative minimum tax for individuals under the Code; and (d) the accretion of original issue discount in each year may result in certain collateral federal income tax consequences in each year even though a corresponding cash payment may not be received until a later year. Owners of OID Bonds should consult their own tax advisors with respect to the state and local tax consequences of original issue discount on such OID Bonds.

Owners of Bonds who dispose of Bonds prior to the stated maturity (whether by sale, redemption or otherwise), purchase Bonds in the initial public offering, but at a price different from the OID Issue Price or purchase Bonds subsequent to the initial public offering should consult their own tax advisors.

If a Bond is purchased at any time for a price that is less than the Bond’s stated redemption price at maturity or, in the case of an OID Bond, its OID Issue Price plus accreted original issue discount (the “Revised Issue Price”), the purchaser will be treated as having purchased a Bond with market discount subject to the market discount rules of the Code (unless a statutory de minimis rule applies). Accrued market discount is treated as taxable ordinary income and is recognized when a Bond is disposed of (to the extent such accrued discount does

not exceed gain realized) or, at the purchaser's election, as it accrues. Such treatment would apply to any purchaser who purchases an OID Bond for a price that is less than its Revised Issue Price. The applicability of the market discount rules may adversely affect the liquidity or secondary market price of such Bond. Purchasers should consult their own tax advisors regarding the potential implications of market discount with respect to the Bonds.

An investor may purchase a Bond at a price in excess of its stated principal amount. Such excess is characterized for federal income tax purposes as "bond premium" and must be amortized by an investor on a constant yield basis over the remaining term of the Bond in a manner that takes into account potential call dates and call prices. An investor cannot deduct amortized bond premium relating to a tax exempt bond. As bond premium is amortized, it reduces the investor's basis in the Bond. Investors who purchase a Bond at a premium should consult their own tax advisors regarding the amortization of bond premium and its effect on the Bond's basis for purposes of computing gain or loss in connection with the sale, exchange, redemption or early retirement of the Bond.

There are or may be pending in the Congress of the United States legislative proposals, including some that carry retroactive effective dates, that, if enacted, could alter or amend the federal tax matters referred to above or affect the market value of the Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether, if enacted, it would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Special Tax Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The IRS has an ongoing program of auditing tax exempt obligations to determine whether, in the view of the IRS, interest on such tax exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the IRS will commence an audit of the Bonds. If an audit is commenced, under current procedures the IRS may treat the Issuer as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax exempt obligations, including the Bonds, are in certain cases required to be reported to the IRS. Additionally, backup withholding may apply to any such payments to any Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Bond owner who is notified by the IRS of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

Ownership of the Bonds may result in other state and local tax consequences to certain taxpayers. Special Tax Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Bonds. Prospective purchasers of the Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.

UNDERWRITING

The Underwriter is offering the Bonds at the price set forth on the cover hereof. The initial offering price may be changed from time to time and concessions from the offering price may be allowed to dealers, banks and others. The Underwriter has agreed to purchase the Bonds at a price equal to the principal amount thereof. For its services as such, the Underwriter is to be paid a fee equal to \$_____, plus \$_____ for certain fees and expenses, but not including the fees and expenses of its counsel. From its fees, the Underwriter will pay certain of its expenses relating to the offering.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer and/or Borrower. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the Issuer and/or Borrower.

The Underwriter does not guarantee a secondary market for the Bonds and is not obligated to make any such market in the Bonds. No assurance can be made that such a market will develop or continue. Consequently, investors may not be able to resell Bonds should they need or wish to do so for emergency or other purposes.

In addition to serving as Underwriter, Stifel, Nicolaus & Company, Incorporated has been designated to serve as Remarketing Agent and will receive a fee for its remarketing services in connection with any remarketing of the Bonds on the Initial Mandatory Tender Date.

RELATIONSHIP AMONG THE PARTIES

In connection with the issuance of the Bonds, the Issuer, the Borrower and the Underwriter are being represented by the attorneys or law firms identified below under the heading "CERTAIN LEGAL MATTERS." In other transactions not related to the Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower or the Underwriter or their affiliates, in capacities different from those described herein, and there will be no limitations imposed as a result of the issuance of the Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Bonds should not assume that the Issuer, the Borrower and the Underwriter or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are

or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

FINANCIAL ADVISOR

Hilltop Securities Inc. (the “*Financial Advisor*”) has served as a financial advisor to the Issuer for purposes of assisting the Issuer with the development and implementation of the bond program in connection with the Bonds. The Financial Advisor has not been engaged by the Issuer to compile, create or interpret any information in this Official Statement relating to the Issuer, including (without limitation) any of the Issuer’s financial and operating data, whether historical or projected. Any information contained in this Official Statement concerning the Issuer, any of its affiliates or contractors and any outside parties has not been independently verified by the Financial Advisor, and inclusion of such information is not and should not be construed as a representation by the Financial Advisor as to its accuracy or completeness or otherwise. The Financial Advisor is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in this Official Statement in accordance with accounting standards.

The Financial Advisor does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

Hilltop Securities Inc. will be acting as the bidding agent for the Eligible Investments to be purchased with moneys deposited in the Special Funds and will be paid a fee of \$[_____] for providing bidding agent services.

RATING

Moody’s Investors Service, Inc. (the “*Rating Agency*”) has assigned to the Bonds the rating set forth on the cover page hereof. The rating reflects only the view of the Rating Agency at the time the rating was issued and an explanation of the significance of such rating may be obtained from the Rating Agency. The rating is not a recommendation to buy, sell or hold the Bonds. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating can be expected to have an adverse effect on the market price of the Bonds.

CERTAIN LEGAL MATTERS

Delivery of the Bonds will be accompanied by the approving legal opinion of the Texas Attorney General to the effect that the Bonds are valid and legally binding obligations of the Issuer under the laws of the State of Texas, payable from the Trust Estate. Certain legal matters relating to the execution and delivery of the Indenture and the Bond Loan Agreement are subject to the approving opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond

Counsel, which will be furnished at the expense of the Borrower. See “APPENDIX E – PROPOSED FORMS OF OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL” hereto. Certain legal matters will be passed upon for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota, for the General Partner by its counsel, Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, and for the Underwriter by its counsel, Norris George & Ostrow, PLLC, Washington, D.C., and by Chapman and Cutler LLP, Chicago, Illinois, disclosure counsel. Chapman and Cutler LLP’s engagement as disclosure counsel did not include any obligation to establish or confirm factual matters, forecasts, projections, estimates or any other financial or economic information in connection with the preparation of this Official Statement. Further, Chapman and Cutler LLP makes no representation as to the suitability of the Bonds for investment by any investor. Compensation for certain of such counsel is contingent upon the issuance of the Bonds.

Chapman and Cutler LLP, in its capacity as Special Tax Counsel, will opine on the date of issuance of the Bonds with regard to the excludability of interest on the Bonds from gross income. See “TAX EXEMPTION” herein. The proposed text of the legal opinion is set forth in “APPENDIX E – PROPOSED FORMS OF OPINIONS OF BOND COUNSEL AND SPECIAL TAX COUNSEL” hereto. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery of the Bonds. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of this Official Statement or otherwise shall create no implication that Special Tax Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Special Tax Counsel has not been retained or consulted on disclosure matters and has not undertaken to review or verify the accuracy, completeness or sufficiency of this Official Statement or the offering material relating to the Bonds and assumes no responsibility for the statements or information contained in or incorporated by reference in this Official Statement, except that in its capacity as Special Tax Counsel, Chapman and Cutler LLP, has reviewed information under the heading “TAX EXEMPTION.”

In rendering its opinions, Bond Counsel and Special Tax Counsel will rely on certifications and representations of fact to be contained in the transcript of proceedings which Bond Counsel and Special Tax Counsel will not have independently verified.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the legal judgment of the attorneys rendering the opinions on the legal issues explicitly addressed therein based upon its review of the law and the facts that it deems relevant and is not a guarantee of a result. By rendering the legal opinion, the opinion giver does not become an insurer or guarantor of an expression of professional judgment of the transaction opined upon, or of the future performance of parties to such transaction.

ABSENCE OF LITIGATION

THE ISSUER

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Issuer deliver a certificate to the effect that there is no litigation pending or, to the knowledge of the Issuer, threatened, against the Issuer that in any way questions or affects the validity of the Bonds or any proceedings or transactions relating to their issuance.

THE BORROWER

It is a condition to the Underwriter's acceptance of the Bonds on the date of delivery that the Borrower deliver a certificate to the effect that there are no legal proceedings pending or, to the Borrower's knowledge threatened, to restrain or enjoin the issuance, sale or delivery of the Bonds or the payment, collection or application of the proceeds thereof or of the revenues and other money and securities pledged or to be pledged under the Indenture or in any way contesting or affecting any authority for or the validity of the Bonds or the Indenture.

CONTINUING DISCLOSURE

The Borrower has undertaken responsibility for any continuing disclosure to Bondholders as described below, and the Issuer will have no liability to the Holders of the Bonds or any other person with respect to such disclosures.

The Borrower will enter into a Continuing Disclosure Agreement dated as of October 1, 2024 (the "*Continuing Disclosure Agreement*") with BOKF, NA, as the Dissemination Agent, obligating the Borrower to send, or cause to be sent, certain financial information with respect to the Project to certain information repositories annually and to provide notice, or cause notice to be provided, to the Municipal Securities Rulemaking Board, if any, of certain enumerated events for the benefit of the Beneficial Owners and Holders of any of the Bonds, in order to allow the Underwriter to meet the requirements of Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 (the "*Rule*"). See "APPENDIX F — FORM OF CONTINUING DISCLOSURE AGREEMENT" hereto.

Because the Borrower is a new entity established to acquire, construct and operate the Project, it has not previously entered into any undertakings similar to the Continuing Disclosure Agreement. For certain projects, certain affiliates of the Borrower have failed to comply with certain undertakings under the Rule during the five-year period prior to the date of this Official Statement, including instances of failure to file financial and/or operating data. A failure by the Borrower to comply with the provisions of the Continuing Disclosure Agreement will not constitute a default under the Loan Agreement (although Holders will have any available remedy at law or in equity for obtaining necessary disclosures). Nevertheless, such a failure to comply is required to be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Bonds in the

secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Bonds.

MISCELLANEOUS

The foregoing summaries and explanations do not purport to be comprehensive, and are expressly made subject to the exact provisions of documents referred to herein. Copies of the Indenture and the Loan Agreement may be obtained from the Trustee or, during the initial marketing of the Bonds, the Underwriter. Any statements in this Official Statement involving matters of opinion or forecast, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Issuer, the Borrower, or the Underwriter and the purchasers or Holders of any Bonds.

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The execution and delivery of this Official Statement and the incorporation of the appendices hereto have been duly authorized by the Borrower.

MANOR LEASED HOUSING ASSOCIATES I,
LIMITED PARTNERSHIP, a Texas limited
partnership

By: [____], a [____],
its General Partner

By: _____
Name: _____
Title: _____

APPENDIX A

DEFINITIONS OF CERTAIN TERMS

“*Act*” means the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended.

“*Act of Bankruptcy*” means written notice to the Trustee that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that a petition in bankruptcy, insolvency, reorganization or liquidation proceedings (or similar proceedings) has been instituted by or against the Borrower; *provided* that, if in the case of an involuntary proceeding, such proceeding is not dismissed within 90 days after commencement thereof.

“*Additional Payments*” means the amounts required to be paid by the Borrower pursuant to the Loan Agreement.

“*Administrative Expenses*” means the Ordinary Trustee Fees and Expenses and the Dissemination Agent Fee.

“*Affiliate*” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

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

“*Bankruptcy Code*” means Title 11 of the United States Code entitled “*Bankruptcy*,” as in effect now and in the future, or any successor statute.

“*Beneficial Owner*” means with respect to the Bonds, the Person owning the Beneficial Ownership Interest therein, as evidenced to the satisfaction of the Trustee.

“*Beneficial Ownership Interest*” means the right to receive payments and notices with respect to the Bonds held in a Book-Entry System.

“*Bond Counsel*” means [nationally recognized bond counsel selected by the Issuer and initially means Bickerstaff Heath Delgado Acosta LLP].

“*Bond Documents*” means, collectively, the Indenture, the Loan Agreement, the Note, the Tax Regulatory Agreement, the Tax Exemption Agreement and the Project Certificate.

“*Bond Fund*” means the Bond Fund created in the Indenture.

“*Bond Payment Date*” means each Interest Payment Date and any other date Bond Service Charges on the Bonds are due, whether at maturity, Mandatory Tender, upon redemption or acceleration or otherwise.

“*Bond Purchase Agreement*” means the Purchase Contract, dated [____], 2024, among the Underwriter, the Issuer and the Borrower.

“*Bond Resolution*” means the certain resolution relating to the issuance and sale of the Bonds, adopted by the Governing Body on [____], 2024.

“*Bond Service Charges*” means, for any period or payable at any time, the principal of and interest on the Bonds for that period or payable at that time whether due at maturity, Mandatory Tender or upon redemption or acceleration.

“*Bonds*” means the Issuer’s Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 authorized in the Bond Resolution and the Indenture in an aggregate principal amount not to exceed \$60,815,000*.

“*Book-Entry Form*” or “*Book-Entry System*” means, with respect to the Bonds, a form or system, as applicable, under which (a) physical Bond certificates in fully registered form are issued only to a Depository or its nominee, with the physical Bond certificates “immobilized” in the custody of the Depository and (b) the ownership of book-entry interests in Bonds and Bond Service Charges thereon may be transferred only through a book-entry made by others than the Issuer or the Trustee. The records maintained by others than the Issuer or the Trustee constitute the written record that identifies the owners, and records the transfer, of book-entry interests in those Bonds and Bond Service Charges thereon.

* Preliminary, subject to change.

“*Borrower*” means Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership, and its authorized successors and assigns.

“*Borrower Documents*” means the Financing Documents to which the Borrower is a party.

“*Business Day*” means a day other than a Saturday or a Sunday or any other day on which (a) banking institutions in the City of New York or in the city in which the Designated Office of the Trustee is located is authorized or obligated by law or executive order to be closed, or (b) the New York Stock Exchange is closed.

“*Cash Flow Projection*” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by the Borrower and acceptable to the Rating Agency, establishing, to the satisfaction of the Rating Agency, the sufficiency of (a) the amount on deposit in the Special Funds, (b) projected investment income to accrue on amounts on deposit in the Special Funds during the applicable period and (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges, the Administrative Expenses, the Issuer’s Administrative Fee and the Rebate Analyst’s Fee, in each instance, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds; (ii) a proposed remarketing of the Bonds, as provided in the Indenture; (iii) a release of Eligible Funds from the Negative Arbitrage Account, as provided in the Indenture; (iv) the purchase, sale or exchange of Eligible Investments, as provided in the Indenture; and (v) the optional redemption of the Bonds as provided in the Indenture, including in the event that the Trustee intends to sell or otherwise dispose of Eligible Investments prior to maturity or at a price below par.

“*Class B Limited Partner*” means Manor Leased Housing Associates LP I, LLC, a Minnesota limited liability company.

“*Closing Date*” means October 25, 2024.

“*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).

“*Collateral Fund*” means the Collateral Fund created in the Indenture.

“*Collateral Payments*” means Eligible Funds paid to the Trustee for the benefit of the Borrower in respect to the repayment of the Loan for deposit into the Collateral Fund pursuant to the Loan Agreement and the Indenture as a prerequisite to the advance of money in the Project Fund.

“*Completion Certificate*” means the certificate attached as an exhibit to the Loan Agreement.

“*Completion Date*” means the date of completion of the Project evidenced in accordance with the requirements of the Loan Agreement.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement dated as of October 1, 2024, between the Borrower and the Dissemination Agent, as originally executed and as it may be amended from time to time in accordance with the terms thereof.

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

“*Depository*” means, with respect to the Bonds, DTC, until a successor Depository shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, Depository shall mean the successor Depository. Any Depository shall be a securities depository that is a clearing agency under a federal law operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of book-entry interests in Bonds and to effect transfers of book-entry interests in Bonds.

“*Designated Office*” means the office of the Trustee at the notice address set forth in the Indenture or, solely for purposes of presentation for transfer, payment or exchange of the Bonds, the designated corporate trust operations or agency office of the Trustee at 1401 McKinney Street, Suite 1000, Houston, Texas 77010, or at such other address as may be specified in writing by the Trustee, as provided in the Indenture.

“*Disbursement Agreement*” means the Loan Disbursement Agreement dated as of the Closing Date, among the Lender, the Trustee, and the Borrower, as amended, supplemented or restated from time to time, relating to the funding of Mortgage Loan advances with the proceeds of the Bonds in exchange for Collateral Payments and the advance of other amounts as set forth therein.

“*Dissemination Agent*” means BOKF, NA, or any successor, as Dissemination Agent under the Continuing Disclosure Agreement.

“*Dissemination Agent Fee*” means the fee payable to the Dissemination Agent as compensation for its services and the reimbursement to the Dissemination Agent of its expenses in performing its obligations under the Continuing Disclosure Agreement; *provided, however,*

the amount of the Dissemination Agent Fee payable under the Indenture is limited to money withdrawn from the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Dissemination Agent Fee pursuant to the Loan Agreement. Initially, the Dissemination Agent Fee shall be \$[___], annually payable in advance of the Closing Date and each [October] 1 thereafter.

“DTC” means The Depository Trust Company (a limited purpose trust company), New York, New York, and its successors or assigns.

“Eligible Funds” means, as of any date of determination, any of:

- (a) the proceeds of the Bonds (including any additional amount paid by the Underwriter to the Trustee as the purchase price of the Bonds or otherwise paid upon conversion or optional redemption);
- (b) money received by the Trustee representing advances to the Borrower of proceeds of the Mortgage Loan and proceeds of the Funding Loan;
- (c) remarketing proceeds of the Bonds (including any additional amount paid by the Remarketing Agent to the Trustee as the remarketing price of the Bonds) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer or any Affiliate of either the Borrower or the Issuer);
- (d) any other amounts, including the proceeds of refunding bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payments of such amounts to Holders would not be avoidable as preferential payments under Section 547 or 550 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;
- (e) the proceeds of draws by the Trustee on any letter of credit provided to the Trustee for the benefit of the Borrower;
- (f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, *provided* that no Act of Bankruptcy has occurred during such period; and
- (g) investment income derived from the investment of the money described in (a) through (f) above.

“Eligible Investments” means any of the following investments that mature (or are redeemable at the option of the Borrower without penalty) at such time or times as to enable

timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of the Indenture:

(a) Government Obligations; and

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

Eligible Investments shall not include the following: (1) any investment with a final maturity or any agreement with a term ending later than the earlier of (i) the current Mandatory Tender Date in effect at the time of investment, and (ii) the Maturity Date (except obligations that provide for the optional or mandatory tender, at par, by the holder of such obligations at any time), and (2) any investment that may be prepaid or called at a price less than its purchase price prior to stated maturity.

“*Event of Default*” means (a) with respect to the Indenture, any of the events described as an Event of Default in the Indenture and (b) with respect to the Loan Agreement, any of the events described as an Event of Default in the Loan Agreement.

“*Expense Fund*” means the Expense Fund created in the Indenture.

“*Extraordinary Issuer Fees and Expenses*” means the fees, expenses and disbursements payable to the Issuer under the Indenture or any other Financing Document for Extraordinary Services and Extraordinary Expenses, including extraordinary fees, costs and expenses incurred by the Issuer, Bond Counsel and counsel to the Issuer which are to be paid by the Borrower pursuant to the Loan Agreement.

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

“*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 Opinion of Bond Counsel to the effect that such action will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds or other customary exceptions acceptable to the recipient(s) thereof).

“*Federal Tax Status*” means, as to the Bonds, the status of the interest on the Bonds as excludable from gross income for federal income tax purposes (except on any Bond during any period during which it is held by a “substantial user” or “related person” to such a substantial user within the meaning of Section 147(a) of the Code).

“*Financing Documents*” means the Indenture, the Bonds, the Loan Agreement, the Note, the Disbursement Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement, the Project Certificate, the Bond Purchase Agreement, the Continuing Disclosure Agreement, the Remarketing Agreement and any other instrument or document executed in connection with the Bonds, together with all modifications, extensions, renewals and replacements thereof, but excluding the Mortgage Loan Documents and any secondary financing documents, and any documents relating to low income housing tax credit equity.

“*Force Majeure*” means any of the causes, circumstances or events described as constituting Force Majeure in the Loan Agreement.

“*Freddie Mac Seller/Servicer*” means JLL Real Estate Capital, LLC, an Illinois limited liability company.

“*Funding Loan*” means the tax-exempt loan, if originated, evidenced by a note made by the Issuer, and purchased by the Freddie Mac Seller/Servicer, in the maximum principal amount not to exceed \$60,815,000*.

“*General Partner*” means MHPFC TRGP1 LLC, a Texas limited liability company, and its permitted successors and assigns.

“*Governing Body*” means the Board of Directors of the Issuer.

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

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

* Preliminary, subject to change.

“*Holder*” or “*Holder of a Bond*” means the Person in whose name a Bond is registered on the Register.

“*Indenture*” means the Trust Indenture dated as of October 1, 2024, between the Issuer and the Trustee, as amended or supplemented from time to time.

“*Independent*” when used with respect to a specified Person means such Person has no specific financial interest direct or indirect in the Borrower or any Affiliate of the Borrower and in the case of an individual is not a director, trustee, officer, partner, member or employee of the Borrower or any Affiliate of the Borrower and in the case of an entity, does not have a partner, director, trustee, officer, member or employee who is a director, trustee, partner, member, officer or employee of any partner or member of the Borrower or any Affiliate of the Borrower.

“*Initial Bond*” means the initial Bond registered by the Texas Comptroller of Public Accounts and subsequently canceled and replaced by a definitive Bond pursuant to the Indenture.

“*Initial Interest Rate*” means ____%.

“*Initial Mandatory Tender Date*” means November 1, 2027*.

“*Interest Payment Date*” means (a) each May 1* and November 1* of each year beginning May 1, 2025*, (b) each Mandatory Tender Date and (c) each Redemption Date. In the case of a payment of defaulted interest, “*Interest Payment Date*” also means the date of such payment established pursuant to the Indenture.

“*Interest Rate*” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, and thereafter the applicable Remarketing Rate.

“*Investor Limited Partner*” means RBC Community Investments, LLC, an Illinois limited liability company, and its permitted successors and assigns.

“*Issuance Fee*” means a fee equal to 50% of the initial aggregate principal amount of the Bonds, which is payable on the Closing Date to the Issuer from funds provided by or on behalf of the Borrower.

“*Issuer*” means the Manor Housing Public Facility Corporation, a nonprofit public facility corporation duly organized and validly existing under the laws of the State of Texas, and particularly the Act.

“*Issuer Fees and Expenses*” means the Extraordinary Issuer Fees and Expenses.

“*Issuer’s Administrative Fee*” means the annual fee of the Issuer in an amount equal to ____% of the initial aggregate principal amount of the Bonds, beginning [October 25], 2024, so

* Preliminary, subject to change.

long as the Bonds are outstanding; *provided, however*, that the Issuer’s Administrative Fee due on [October 25, 2024], October [___], 2025 and October [___], 2026 will be paid on the Closing Date to the Issuer from funds provided by or on behalf of the Borrower.

“*Lender*” means Associated Bank, National Association and the financial institutions that are or may from time to time become parties to the Syndicated Construction Loan Agreement and its successors and assigns.

“*Loan*” means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Bonds.

“*Loan Agreement*” means the Loan Agreement dated as of October 1, 2024, between the Issuer and the Borrower, as amended or supplemented from time to time and assigned by the Issuer to the Trustee, except for the Reserved Rights.

“*Loan Payments*” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and the Loan Agreement.

“*Mandatory Tender*” means a tender of the Bonds required by the Indenture.

“*Mandatory Tender Date*” means (i) the Initial Mandatory Tender Date and (ii) if the outstanding Bonds are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the Remarketing Date following such Remarketing Period.

“*Maturity Date*” means November 1, 2042*.

“*Moody’s*” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Trustee and the Remarketing Agent.

“*Mortgage Loan*” means the mortgage loan to be made by the Lender to the Borrower in the principal amount of \$60,815,000*.

“*Mortgage Loan Documents*” means the mortgage, the mortgage note and all other documents required by the Lender in connection with the Mortgage Loan.

“*Negative Arbitrage Account*” means the Negative Arbitrage Account of the Bond Fund created in the Indenture.

* Preliminary, subject to change.

“*Note*” means the promissory note of the Borrower, dated as of even date with the Bonds initially issued, in the form attached as an exhibit to the Loan Agreement and in the principal amount of \$60,815,000*, evidencing the obligation of the Borrower to make Loan Payments.

“*Opinion of Bond Counsel*” means an opinion of Bond Counsel or of Special Tax Counsel.

“*Opinion of Counsel*” means an opinion from an attorney or firm of attorneys, acceptable to the Trustee, with experience in the matters to be covered in the opinion.

“*Optional Redemption Date*” means May 1, 2027*, or any Business Day thereafter.

“*Ordinary Services*” and “*Ordinary Expenses*” mean those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to the Indenture.

“*Ordinary Trustee Fees and Expenses*” means amounts due to the Trustee for the Ordinary Services and the Ordinary Expenses of the Trustee incurred in connection with its duties under the Indenture, and for its duties as Dissemination Agent, including, but not limited to (i) the annual administrative fee of the Trustee payable annually in advance on the Closing Date and on each October 1 thereafter while the Bonds are outstanding in an annual amount equal to \$[____], and (ii) the acceptance fee of the Trustee of \$[____] payable on the Closing Date; *provided, however*, the amount of Ordinary Trustee Fees and Expenses payable under the Indenture is limited to money withdrawn from the Costs of Issuance Fund and the Expense Fund and the Borrower will be responsible to pay the remaining amount of the Ordinary Trustee Fees and Expenses pursuant to the Loan Agreement. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to the Loan Agreement.

“*Outstanding Bonds*,” “*Bonds outstanding*” or “*outstanding*” as applied to Bonds mean, as of the applicable date, all Bonds which have been authenticated and delivered, or which are being delivered by the Trustee under the Indenture, except:

- (a) Bonds cancelled upon surrender, exchange or transfer, or cancelled because of payment on or prior to that date;
- (b) Bonds, or the portion thereof, for the payment or purchase for cancellation of which sufficient money has been deposited and credited with the Trustee on or prior to that date for that purpose (whether upon or prior to the maturity of those Bonds);
- (c) Bonds, or the portion thereof, which are deemed to have been paid and discharged or caused to have been paid and discharged pursuant to the provisions of the Indenture; and

(d) Bonds in lieu of which others have been authenticated under the Indenture. “Person” or words importing persons mean firms, associations, partnerships (including without limitation, general and limited partnerships), joint ventures, societies, estates, trusts, corporations, limited liability companies, public or governmental bodies, other legal entities and natural persons.

“*Project*” means the Tower Road Apartments containing approximately 324 units and located at 12100 Tower Road, Manor, Texas 78653.

“*Project Certificate*” means the Project Certificate, dated the Closing Date, executed by the Borrower in connection with the issuance of the Bonds.

“*Project Costs*” means the costs of the Project specified in the Loan Agreement.

“*Project Fund*” means the Project Fund created in the Indenture.

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

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

“*Rebate Analyst*” means Hilltop Securities Asset Management, LLC or any other rebate analyst selected by the Issuer and reasonably acceptable to the Borrower.

“*Rebate Analyst’s Fee*” means the fee payable by the Borrower annually in advance to the Rebate Analyst on each January 1 in the amount of \$[_____], commencing, on January 1, 2025, so long as the bonds are outstanding.

“*Rebate Fund*” means the Rebate Fund created in the Indenture.

“*Redemption Date*” means any date on which Bonds are to be redeemed pursuant to the Indenture.

“*Register*” means the books kept and maintained by the Trustee for registration and transfer of Bonds 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.

“*Remarketing Agent*” means initially Stifel, Nicolaus & Company, Incorporated, and any successor Remarketing Agent that may be appointed by the Borrower.

“*Remarketing Agreement*” means the Remarketing Agreement dated as of October 1, 2024, between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“*Remarketing Date*” means the date on which the Bonds are initially remarketed and, if the outstanding Bonds on such date or on any subsequent Remarketing Date are remarketed pursuant to the Indenture for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the last day of the term for which Bonds are remarketed pursuant to the Indenture or the final Maturity Date of the Bonds, as applicable.

“*Remarketing Proceeds Account*” means the Remarketing Proceeds Account of the Bond Fund created in the Indenture.

“*Remarketing Rate*” means the interest rate or rates established pursuant to the Indenture and borne by the Bonds then outstanding from and including the Mandatory Tender Date to, but not including, the immediately succeeding Mandatory Tender Date or the Maturity Date, as applicable.

“*Reserved Rights*” of the Issuer means (a) all of the Issuer’s right, title and interest in and to all reimbursement, costs, expenses and indemnification; (b) the right of the Issuer to amounts payable to it pursuant to the Loan Agreement, including but not limited to the Issuer Fee and Expenses, the Issuance Fee and the Issuer’s Administrative Fee; (c) all rights of the Issuer to receive any Rebate Amount; (d) all rights of the Issuer to receive notices, reports or other information, and to make determinations and grant approvals or consent under the Indenture and the other Financing Documents; (e) all rights of the Issuer of access to the Project and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Exemption Agreement and in the Tax Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note, as applicable, regarding (1) the negotiability, registration and transfer of the Bonds, (2) the loss or destruction of the Bonds, (3) the limited liability of the Issuer as provided in the Act, the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note, (4) the maintenance of insurance by the Borrower, (5) no liability of the Issuer to third parties, and (6) no warranties of suitability or merchantability by the Issuer; (g) all rights of the Issuer in connection with any amendment to or modification of the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement, and the Note, (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in the Indenture, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Loan Agreement, and the Issuer’s right to inspect and audit the books, records and permits of the Borrower and the Project, and (i) all enforcement remedies with respect to the foregoing.

“*Revenues*” means (a) the Loan Payments, (b) the Collateral Payments, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Special Funds, and (e) all income and profit from the investment of the foregoing money. The term “Revenues” does not include any money or investments in the Rebate Fund or Additional Payments, or other payments or amounts with respect to the Reserved Rights.

“*S&P*” means S&P Global Ratings, and its successors and assigns, or if it shall for any reason no longer perform the functions of a securities rating agency, then any other nationally recognized rating agency designated by the Borrower and acceptable to the Remarketing Agent.

“*Special Funds*” means, collectively, the Bond Fund, the Project Fund and the Collateral Fund, and any accounts therein, all as created in the Indenture.

“*Special Limited Partner*” means RBC Community Investments Manager II, Inc., a Delaware corporation, and its permitted successors and assigns.

“*Special Record Date*” means, with respect to any Bond, the date established by the Trustee in connection with the payment of overdue interest or principal on that Bond.

“*Special Tax Counsel*” means Chapman and Cutler LLP or other counsel selected by the Issuer and nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local government units from gross income for federal income tax purposes.

“*Sponsor*” means the City of Manor, Texas.

“*State*” means the State of Texas.

“*Subordinate Bonds*” means the Issuer’s Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 authorized in the Bond Resolution and the Subordinate Indenture in an aggregate principal amount not to exceed \$4,000,000*.

“*Subordinate Indenture*” means the Subordinate Indenture of Trust dated as of October 1, 2024, between the Issuer and the Trustee, as amended or supplemented from time to time.

“*Subordinate Loan*” means the loan by the Issuer to the Borrower of the proceeds received from the sale of the Subordinate Bonds.

“*Subordinate Loan Agreement*” means the Subordinate Loan Agreement dated as of October 1, 2024, between the Issuer and the Borrower, as amended or supplemented from time to

* Preliminary, subject to change.

time and assigned by the Issuer to the Trustee, except for the Reserved Rights (as defined in the Subordinate Indenture.

“*Subordinate Note*” means the subordinate promissory note of the Borrower, dated as of even date with the Subordinate Bonds initially issued, in the form attached as an exhibit to the Subordinate Loan Agreement and in the principal amount of \$4,000,000*, evidencing the obligation of the Borrower to make Subordinate Loan Payments.

“*Supplemental Indenture*” means any indenture supplemental to the Indenture entered into between the Issuer and the Trustee in accordance with the Indenture.

“*Tax Exemption Agreement*” means the Tax Exemption Certificate and Agreement dated the Closing Date, between the Issuer and the Borrower, as amended or supplemented from time to time.

“*Tax Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2024, among the Issuer, the Borrower and the Trustee, as amended or supplemented from time to time.

“*Trust Estate*” means the property rights, money, securities and other amounts pledged and assigned to the Trustee under the Indenture pursuant to the Granting Clauses of the Indenture.

“*Trustee*” means BOKF, NA, a national banking association, until a successor Trustee shall have become such pursuant to the applicable provisions of the Indenture, and thereafter, “Trustee” shall mean the successor Trustee.

“*Underwriter*” means Stifel, Nicolaus & Company, Incorporated, a Missouri corporation.

“*Unredeemed Bonds*” means, on any Mandatory Tender Date, Bonds that are not scheduled to be redeemed pursuant to the Indenture.

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APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE INDENTURE

The following is a brief summary of certain provisions of the Indenture. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Indenture, copies of which are on file with the Issuer and the Trustee.

CREATION OF FUNDS

The following funds are to be established and maintained by the Trustee under the Indenture:

- (a) the Bond Fund, and therein a Negative Arbitrage Account and a Remarketing Proceeds Account (but only at such times as money is to be deposited or held in such accounts as provided in the Indenture);
- (b) the Project Fund, and therein a Bond Proceeds Account;
- (c) the Costs of Issuance Fund;
- (d) the Collateral Fund;
- (e) the Rebate Fund; and
- (f) the Expense Fund.

Each fund and account therein shall be maintained by the Trustee as a separate and distinct trust fund or account to be held, managed, invested, disbursed and administered as provided in the Indenture. All money deposited in the funds and accounts created under the Indenture shall be used solely for the purposes set forth in the Indenture. The Trustee shall keep and maintain adequate records pertaining to each fund and account, and all disbursements therefrom, in accordance with its general practices and procedures in effect from time to time. The Trustee may also terminate funds and accounts that are no longer needed.

The Trustee shall, at the written direction of an Authorized Borrower Representative and may, in its reasonable discretion, establish such additional accounts within any fund, and subaccounts within any of the accounts, as the Borrower or the Trustee may reasonably deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of the Indenture or the Tax Exemption Agreement with respect to a deposit or use of money in the Special Funds or the Rebate Fund, or result in commingling of funds not permitted under the Indenture.

BOND FUND

The Trustee shall deposit in the Remarketing Proceeds Account of the Bond Fund any amounts received from the remarketing of the Unredeemed Bonds. Money in the Remarketing Proceeds Account shall be held exclusively for the payment of the Purchase Price of the Unredeemed Bonds.

So long as there are any outstanding Bonds, to the extent the Borrower has not received a credit against Loan Payments, all Loan Payments under the Loan Agreement shall be paid by the Borrower on or

before each Interest Payment Date directly to the Trustee, and deposited in the Bond Fund, in at least the amount necessary to pay the Bond Service Charges due on the Bonds on such Interest Payment Date.

The Bond Fund (and any accounts therein for which provision is made in the Indenture) and the money and Eligible Investments therein shall be used solely and exclusively for the payment of Bond Service Charges as they become due.

Bond Service Charges shall be payable, as they become due, in the following order (1) from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account of the Bond Fund), (2) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (3) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund, and (4) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Upon receipt by the Trustee of a Cash Flow Projection provided on behalf of the Borrower, the Trustee is authorized by the Indenture to release from the Negative Arbitrage Account the amount set forth in the Cash Flow Projection to or at the written direction of the Borrower.

PROJECT FUND

Upon the deposit of Collateral Payments in the Collateral Fund as provided in the Indenture, and subject to the provisions of this heading, the Trustee may disburse the Bond proceeds on deposit in the Project Fund to or at the direction of the Lender or the Borrower for payment of Project Costs in accordance with the Loan Agreement. To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee is authorized by the Indenture to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Project Costs: (i) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund and (ii) transfer, from Collateral Payments or other Eligible Funds then deposited in the Collateral Fund, an exact corresponding amount from the Collateral Fund to the Project Fund, which transfer is deemed to be of the proceeds of the sale of the Eligible Investments then allocated from the Project Fund to the Collateral Fund. The Trustee shall be irrevocably and unconditionally obligated to (i) disburse

from the Project Fund an amount equal to the amount deposited to the Collateral Fund to or at the written direction of the Lender or Borrower, as applicable, or (ii) return to the Lender or the Borrower, as applicable, the amount deposited in the Collateral Fund, within one Business Day of receipt of such deposit. To the extent money is not otherwise available to the Trustee, including money on deposit in the Bond Fund or the Collateral Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to pay Bond Service Charges on each Interest Payment Date without further written direction.

The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer, the Investor Limited Partner or the Borrower, after the Project has been completed and a Completion Certificate is filed as provided in the Indenture, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer, the General Partner and the Investor Limited Partner. The Trustee shall satisfy this obligation by providing trust statements for all periods in which there are funds in the Project Fund through its online portfolio system.

Notwithstanding any provision of the Loan Agreement or any other provision of the Indenture to the contrary and except to make necessary interest payments, the Trustee shall not disburse money from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until Collateral Payments or other Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited in the Collateral Fund. Prior to making any disbursement (except to the extent necessary to pay Bond Service Charges), the Trustee shall determine that the aggregate principal amount that will be held in (a) the Collateral Fund and (b) the Project Fund, after the anticipated disbursement, is at least equal to the then-outstanding principal amount of the Bonds.

On any Redemption Date, the Trustee shall, at the written direction of an Authorized Borrower Representative, transfer any amounts then on deposit in the Project Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Upon the occurrence and continuance of an Event of Default under the Indenture because of which the principal amount of the Bonds has been declared to be due and immediately payable pursuant to the Indenture, any money remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund.

COLLATERAL FUND

The Trustee is to deposit in the Collateral Fund all Collateral Payments received pursuant to the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. The Loan Agreement requires the Borrower to cause the Collateral Payments to be paid to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, amounts on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions of the Indenture.

The Trustee is to transfer money in the Collateral Fund as follows: (a) on each Bond Payment Date, to the Bond Fund, the amount necessary to pay Bond Service Charges due on such Bond Payment Date to the extent required by the fifth paragraph of “Bond Fund” above; (b) on the Mandatory Tender Date, if the Unredeemed Bonds are to be redeemed pursuant to the Indenture, to the Bond Fund, the amount necessary to pay the redemption price of such Bonds on such date, and (c) on the Maturity Date of the Bonds, to the Bond Fund the amount necessary to pay all amounts due on the Bonds on such date.

On any Redemption Date, the Trustee will transfer all amounts then on deposit in the Collateral Fund into the Bond Fund to pay Bond Service Charges on the Bonds.

Amounts on deposit in the Collateral Fund in excess of the amount required to pay Bond Service Charges after payment in full of the Bonds may be transferred to the Project Fund and used to pay costs of the Project as provided in the Loan Agreement.

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

Notwithstanding anything in the Indenture to the contrary, on or before the Initial Mandatory Tender Date, the Freddie Mac Seller/Servicer may deliver, or cause to be delivered, to the Trustee, Eligible Funds for deposit into the Collateral Fund, and upon receipt, the Trustee shall release other Eligible Funds on deposit in the Collateral Fund, in an amount equal to the Eligible Funds delivered by the Freddie Mac Seller/Servicer for deposit thereto, to the Lender or as otherwise directed by the Freddie Mac Seller/Servicer.

REBATE FUND

The Rebate Fund is created for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation, the Issuer or the Holders of the Bonds. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust and applied solely as provided in the Tax Exemption Agreement. The Rebate Fund is not a portion of the Trust Estate and is not subject to any lien under the Indenture. Notwithstanding the foregoing, the Trustee is afforded all the rights, protections and immunities otherwise accorded to it under the Indenture.

INVESTMENT OF SPECIAL FUNDS

Except as otherwise set forth in this heading, money in the Special Funds shall be invested and reinvested by the Trustee in Eligible Investments at the written direction of an Authorized Borrower Representative, and money in the Rebate Fund shall be invested and reinvested by the Trustee as provided in the Tax Exemption Agreement. The Trustee shall have no discretion for investing funds or advising any parties on investing funds. The Trustee may

conclusively rely upon the Borrower's written instructions as to both the suitability and legality of the directed investments. In the absence of written directions of an Authorized Borrower Representative as provided above, the Trustee shall be required to invest such funds in Eligible Investments as per the terms of the Indenture. At no time shall the Borrower direct that any funds constituting Gross Proceeds (as defined in the Tax Exemption Agreement) of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code, all as set forth in the Tax Exemption Agreement.

Investments of money in the Bond Fund and the Collateral Fund shall mature or be redeemable at the times and in the amounts necessary to provide money to pay Bond Service Charges on the Bonds as they become due on each Bond Payment Date. Each investment of money in the Project Fund shall mature or be redeemable at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any of those investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association that is an Affiliate of the Trustee. The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable under the Indenture to and at the times required for the purposes of paying Bond Service Charges when due as aforesaid, and shall do so without necessity for any order on behalf of the Issuer and without restriction by reason of any order.

The Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is not permitted to sell or otherwise dispose of such Eligible Investments prior to maturity at a price below par without first receiving from the Borrower, at the Borrower's Expense, (i) a Cash Flow Projection and (ii) Eligible Funds (excluding, however, proceeds of the Bonds), if any, as set forth in the Cash Flow Projection.

An investment made from money credited to the Special Funds shall constitute part of that respective Special Fund. All investment earnings from amounts on deposit in the Special Funds shall be allocated to the Negative Arbitrage Account of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Special Funds shall be credited to and become part of the Special Fund from which the investment was made. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein. Any investment losses from moneys credited to a Special Fund shall be charged against that Special Fund. The Trustee shall not be liable for losses, including depreciation of value, on investments or the sale of investments made in compliance with the provisions of the Indenture.

Ratings of Eligible Investments shall be determined at the time of purchase of such Eligible Investments and without regard to ratings subcategories.

Subject to the following sentence, investments shall be sold at the best price obtainable (at least par) whenever it shall be necessary to do so in order to provide moneys to make any transfer, withdrawal, payment or disbursement from the applicable Special Fund. Prior to the Initial Mandatory Tender Date, at the direction of the Borrower, the Trustee is permitted to invest in Eligible Investments that mature on or before the Initial Mandatory Tender Date but is

not permitted to sell or otherwise dispose of such Eligible Investment prior to maturity at a price below par without first receiving a Cash Flow Projection.

Following the Closing Date, at the direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments with a Cash Flow Projection. Notwithstanding anything in the Indenture to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for the purpose of paying Bond Service Charges shall be held uninvested and (ii) Bond proceeds and the Negative Arbitrage Deposit shall be held uninvested until the Trustee has purchased, sold or exchanged Eligible Investments.

DEFAULTS; EVENTS OF DEFAULT

Each of the following is an “Event of Default” under the Indenture:

- (a) Payment of any interest on any Bond is not made when and as that interest becomes due and payable;
- (b) Payment of the principal of any Bond is not made when and as that principal becomes due and payable, whether at stated maturity, Mandatory Tender, upon redemption, acceleration or otherwise;
- (c) Failure by the Issuer to observe or perform any other covenant, agreement or obligation on its part to be observed or performed as contained in the Indenture or in the Bonds, which failure has continued for a period of 30 days after written notice, by registered or certified mail, to the Issuer and the Borrower specifying the failure and requiring that it be remedied, which notice may be given by the Trustee in its discretion and shall be given by the Trustee at the written request of the Controlling Holders; and
- (d) The occurrence and continuance of an Event of Default as defined in the Loan Agreement.

The term “*default*” or “*failure*” as used above means (i) a default or failure by the Issuer in the observance or performance of any of the covenants, agreements or obligations on its part to be observed or performed contained in the Indenture or in the Bonds, or (ii) a default or failure by the Borrower under the Loan Agreement, exclusive of any period of grace or notice required to constitute an Event of Default, as provided above or in the Loan Agreement.

Anything in the Indenture to the contrary notwithstanding, the Investor Limited Partner shall have the cure rights set forth under the heading “Acceleration” below.

ACCELERATION

Upon the occurrence of an Event of Default described in (a) or (b) under the heading “Events of Default” above, the Trustee may, and upon the written request of the Controlling Holders shall, subject to the terms of the Indenture, by written notice delivered to the Borrower and the Issuer, declare the principal of all Bonds then outstanding (if not then due and payable),

and the interest accrued thereon, to be due and payable immediately; *provided, however*, that the Trustee is to make such declaration only if the Trustee has determined that it will have sufficient funds available to pay (not out of the Trustee's own funds) the full amount of the principal and accrued but unpaid interest to the Holders of the Bonds as of the date of acceleration. If the Trustee is unable to determine that sufficient funds will be available, the Trustee nonetheless is to declare the principal of the Bonds immediately due and payable, but only upon the written direction of Holders of a majority of the Bonds then outstanding. Upon the occurrence and during the continuance of any Event of Default other than those described in (a) and (b) under the heading "Events of Default" above, the Trustee may, and upon written consent of all Holders of Bonds then outstanding, shall declare by a notice in writing delivered to the Borrower, the principal of all Bonds then outstanding (if not then due and payable), and the interest thereon, to be due and payable immediately. Upon such declaration, that principal and interest shall become and be due and payable immediately. Interest on the Bonds shall accrue to the date determined by the Trustee for the tender of payment to the Holders pursuant to that declaration; *provided* that interest on any unpaid principal of Bonds outstanding will continue to accrue from the date determined by the Trustee for the tender of payment to the Holders of those Bonds.

The provisions described in the preceding paragraph are subject, however, to the condition that if, at any time after declaration of acceleration and prior to the entry of a judgment in a court for enforcement under the Indenture (after an opportunity for hearing by the Issuer and the Borrower),

(i) all sums payable under the Indenture (except the principal of and interest on Bonds that have not reached their stated maturity dates but which are due and payable solely by reason of that declaration of acceleration), plus interest to the extent permitted by law on any overdue installments of interest at the rate borne by the Bonds shall have been duly paid or provision has been duly made therefor by deposit with the Trustee, and

(ii) all existing Events of Default have been cured,

then and in every case, the Trustee is to waive the Event of Default and its consequences and rescind and annul that declaration. No waiver or rescission and annulment will extend to or affect any subsequent Event of Default or shall impair any rights consequent thereon.

The Investor Limited Partner shall be entitled (but not obligated) to cure any Event of Default under the Indenture within the time frame provided to the Borrower under the Indenture. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

OTHER REMEDIES; RIGHTS OF HOLDERS

With or without taking action described under the heading "Acceleration" above, upon the occurrence and continuance of an Event of Default, the Trustee may pursue any available remedy, including without limitation actions at law or in equity to enforce the payment of Bond Service Charges or the observance and performance of any other covenant, agreement or

obligation under the Indenture, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note or any other instrument providing security, directly or indirectly, for the Bonds.

If, upon the occurrence and continuance of an Event of Default, the Trustee is requested so to do by the Controlling Holders, the Trustee (subject to the provisions of the Indenture), is to exercise any rights and powers conferred by the Indenture.

No remedy conferred upon or reserved to the Trustee (or to the Holders) by the Indenture is intended to be exclusive of any other remedy. Each remedy is to be cumulative and in addition to every other remedy given under the Indenture or otherwise to the Trustee or to the Holders now or hereafter existing, *provided* that the only remedy enforceable against the Issuer shall be for specific performance of its covenants under the Indenture.

No delay in exercising or omission to exercise any remedy, right or power accruing upon any default or Event of Default is to impair that remedy, right or power or is to be construed to be a waiver of any default or Event of Default or acquiescence therein. Every remedy, right and power may be exercised from time to time and as often as may be deemed to be expedient.

No waiver of any default or Event of Default under the Indenture, whether by the Trustee or by the Holders, is to extend to or is to affect any subsequent default or Event of Default or is to impair any remedy, right or power consequent thereon.

As the assignee of all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights), the Trustee is empowered to enforce each remedy, right and power granted to the Issuer under the Loan Agreement (other than with respect to the Reserved Rights). In exercising any remedy, right or power under the Indenture or the Loan Agreement, the Trustee shall take any action which would best serve the interests of the Holders in the judgment of the Trustee, applying the standards described in the Indenture.

Nothing in the Indenture shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment, or composition affecting the Bonds or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding without the approval of the Holders so affected.

RIGHT OF HOLDERS TO DIRECT PROCEEDINGS

Anything to the contrary in the Indenture notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then outstanding will have the right at any time to direct, by an instrument or document in writing executed and delivered to the Trustee, the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or any other proceedings under the Indenture; *provided*, that (i) any direction is not to be other than in accordance with the provisions of law and of the Indenture, (ii) the Trustee is indemnified as provided in the Indenture, and (iii) the Trustee may take any other action that it deems to be proper and that is not inconsistent with the direction.

APPLICATION OF MONEY

If at any time after the occurrence of an Event of Default, the money held by the Trustee under the Indenture (other than amounts in the Rebate Fund) is not sufficient to pay the principal of and interest on the Bonds as the same become due and payable, such money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of remedies in the Indenture or otherwise, is to be applied by the Trustee as described below.

After payment of any costs, expenses, liabilities and advances paid, incurred or made by the Trustee in the collection of money and to all fees of the Trustee for Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses pursuant to any right given or action taken under the provisions of the Indenture or the provisions of the Financing Documents (including without limitation, reasonable attorneys' fees and expenses, except as limited by law or judicial order or decision entered in any action taken under the Indenture), all money received by the Trustee is to be applied as follows, subject to the provisions of the Indenture:

(a) Unless the principal of all of the Bonds has become, or has been declared to be, due and payable, all of such money is to be deposited in the Bond Fund and applied:

First -- To the payment to the Holders entitled thereto of all installments of interest then due on the Bonds, in the order of the dates of maturity of the installments of that interest, beginning with the earliest date of maturity and, if the amount available is not sufficient to pay in full any particular installment, then to the payment thereof ratably, according to the amounts due on that installment, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds; and

Second -- To the payment to the Holders entitled thereto of the unpaid principal of any of the Bonds that has become due, in the order of their due dates, beginning with the earliest due date, with interest on those Bonds from the respective dates upon which they became due at the rates specified in those Bonds, and if the amount available is not sufficient to pay in full all Bonds due on any particular date, together with that interest, then to the payment thereof ratably, according to the amounts of principal due on that date, to the Holders entitled thereto, without any discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(b) If the principal of all of the Bonds has become due or has been declared to be due and payable pursuant to the Indenture, all of such money is to be deposited into the Bond Fund and applied to the payment of the principal and interest then due and unpaid upon the Bonds, without preference or priority of principal over interest, of interest over principal, of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Holders entitled thereto, without any

discrimination or privilege, except as to any difference in the respective rates of interest specified in the Bonds.

(c) If the principal of all of the Bonds has been declared to be due and payable, and if that declaration thereafter has been rescinded and annulled, subject to the provisions of paragraph (b) above in the event that the principal of all of the Bonds becomes due and payable later, money on deposit in the Bond Fund is to be applied in accordance with the provisions of the Indenture.

(d) Whenever money is to be applied pursuant to the provisions described under this subcaption, such money is to be applied at such times, and from time to time, as the Trustee determines, having due regard to the amount of money available for application and the likelihood of additional money becoming available for application in the future. Whenever the Trustee directs the application of such money, it is to fix the date upon which the application is to be made, and upon that date, interest is to cease to accrue on the amounts of principal, if any, to be paid on that date, provided the money is available therefor. The Trustee is to give notice of the deposit with it of any money and of the fixing of that date, all consistent with the requirements of the Indenture for the establishment of, and for giving notice with respect to, a Special Record Date for the payment of overdue interest. The Trustee will not be required to make payment of principal of a Bond to the Holder thereof until the Bond is presented to the Trustee for appropriate endorsement or for cancellation if it is paid fully.

RIGHTS AND REMEDIES OF HOLDERS

A Holder does not have any right to institute any suit, action or proceeding for the enforcement of the Indenture, for the execution of any trust under the Indenture, or for the exercise of any other remedy under the Indenture, unless:

(a) there has occurred and is continuing an Event of Default of which the Trustee has been notified, as provided in the Indenture, or of which it is deemed to have notice under the Indenture,

(b) the Controlling Holders shall have made written request to the Trustee and shall have afforded the Trustee reasonable opportunity to proceed to exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name, and have offered indemnity to the Trustee as provided in the Indenture, and

(c) the Trustee thereafter has failed or refused to exercise the remedies, rights and powers granted under the Indenture or to institute the suit, action or proceeding in its own name.

At the option of the Trustee, that notification (or notice), request, opportunity and offer of indemnity are conditions precedent, in every case, to the institution of any suit, action or proceeding described above.

No one or more Holders of the Bonds will have any right to affect, disturb or prejudice in any manner whatsoever the security or benefit of the Indenture by its or their action, or to enforce, except in the manner provided therein, any remedy, right or power under the Indenture. Any suit, action or proceedings are to be instituted, had and maintained in the manner provided in the Indenture for the benefit of the Holders of all Bonds then outstanding. Nothing in the Indenture is to affect or impair, however, the right of any Holder to enforce the payment of the Bond Service Charges on any Bond owned by that Holder at and after the maturity thereof, at the place, from the sources and in the manner expressed in that Bond.

WAIVERS OF EVENTS OF DEFAULT

Except as described below, at any time, in its discretion, the Trustee may waive any Event of Default under the Indenture and its consequences and may rescind and annul any declaration of maturity of principal of or interest on, the Bonds. The Trustee must do so upon the written request of the Controlling Holders.

There is not to be so waived, however, any Event of Default described in (a) or (b) under “—Events of Default” above or any declaration of acceleration in connection therewith rescinded or annulled, unless, at the time of that waiver or rescission and annulment, payments of the amounts provided in the Indenture for waiver and rescission and annulment in connection with acceleration of maturity have been made or provision has been made therefor. In the case of the waiver or rescission and annulment, or in case any suit, action or proceedings taken by the Trustee on account of any Event of Default have been discontinued, abandoned or determined adversely to it, the Issuer, the Trustee and the Holders are to be restored to their former positions and rights under the Indenture, respectively. No waiver or rescission is to extend to any subsequent or other Event of Default or impair any right consequent thereon.

SUPPLEMENTAL INDENTURES NOT REQUIRING CONSENT OF HOLDERS

Without the consent of, or notice to, any of the Holders, the Issuer and the Trustee may enter into Supplemental Indentures for any one or more of the following purposes:

- (a) to cure any ambiguity, inconsistency or formal defect or omission in the Indenture;
- (b) to grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers or authority that lawfully may be granted to or conferred upon the Holders or the Trustee;
- (c) to assign additional revenues under the Indenture;
- (d) to accept additional security and instruments and documents of further assurance with respect to the Project;
- (e) to add to the covenants, agreements and obligations of the Issuer under the Indenture, other covenants, agreements and obligations to be observed for the protection

of the Holders, or to surrender or limit any right, power or authority reserved to or conferred upon the Issuer in the Indenture;

(f) to evidence any succession to the Issuer and the assumption by its successor of the covenants, agreements and obligations of the Issuer under the Indenture, the Loan Agreement and the Bonds;

(g) to facilitate (i) the transfer of Bonds held in Book Entry Form from one Depository to another and the succession of Depositories, or (ii) the withdrawal of Bonds delivered to a Depository for use in a Book Entry System and the issuance of replacement Bonds in fully registered form and in the form of physical certificates to others than a Depository;

(h) to permit the Trustee to comply with any obligations imposed upon it by law;

(i) to specify further the duties and responsibilities of the Trustee; and

(j) to achieve compliance of the Indenture or the Bonds with any applicable federal securities or income tax law.

The provisions of paragraphs (h) and (j) shall not be deemed to constitute a waiver by the Trustee, the Issuer or any Holder of any right which it may have in the absence of those provisions to contest the application of any change in law to the Indenture or the Bonds.

SUPPLEMENTAL INDENTURES REQUIRING CONSENT OF HOLDERS

Exclusive of Supplemental Indentures described above and subject to the terms, provisions and limitations described below, and not otherwise, with the consent of the Controlling Holders, evidenced as provided in the Indenture, and with the consent of the Borrower and the Investor Limited Partner (if required by the Indenture), the Issuer and the Trustee may execute and deliver Supplemental Indentures adding any provisions to, changing in any manner or eliminating any of the provisions of the Indenture or any Supplemental Indenture or restricting in any manner the rights of the Holders. Nothing in the Indenture is to permit, however, or be construed as permitting,

(a) without the consent of the Holder of each Bond so affected: (i) an extension of the maturity of the principal of or the interest on any Bond, or (ii) a reduction in the principal amount of any Bond or the rate of interest thereon, or

(b) without the consent of the Holders of all Bonds then outstanding, (i) the creation of a privilege or priority of any Bond or Bonds over any other Bond or Bonds, or (ii) a reduction in the aggregate principal amount of the Bonds required for consent to a Supplemental Indenture.

If the Issuer requests that the Trustee execute and deliver any Supplemental Indenture for any of the purposes described under this subcaption, upon (i) being satisfactorily indemnified with respect to its expenses in connection therewith, and (ii) if required by the Indenture, receipt of the Borrower's consent to the proposed execution and delivery of the Supplemental Indenture, the Trustee is to cause notice of the proposed execution and delivery of the Supplemental Indenture to be mailed by first-class mail, postage prepaid, to all Holders of Bonds then outstanding at their addresses as they appear on the Register at the close of business on the fifteenth day preceding that mailing.

The Trustee will not be subject to any liability to any Holder by reason of the Trustee's failure to mail, or the failure of any Holder to receive, the notice described above. Any failure of that nature will not affect the validity of the Supplemental Indenture when there has been consent thereto as described above. The notice is to set forth briefly the nature of the proposed Supplemental Indenture and state that copies thereof are on file at the Designated Office of the Trustee for inspection by all Holders.

If the Trustee shall receive, within a period prescribed by the Borrower, of not less than 60 days, but not exceeding one year, following the mailing of the notice, an instrument or document or instruments or documents, in form to which the Trustee does not reasonably object, purporting to be executed by the Controlling Holders (which instrument or document or instruments or documents refer to the proposed Supplemental Indenture in the form described in the notice and specifically consent to the Supplemental Indenture in substantially that form), the Trustee shall, but shall not otherwise, execute and deliver the Supplemental Indenture in substantially the form to which reference is made in the notice as being on file with the Trustee, without liability or responsibility to any Holder, regardless of whether that Holder has consented thereto.

Any consent will be binding upon the Holder of the Bond giving the consent and, anything in the Indenture to the contrary notwithstanding, upon any subsequent Holder of that Bond and of any Bond issued in exchange therefor (regardless of whether the subsequent Holder has notice of the consent to the Supplemental Indenture). A consent may be revoked in writing, however, by the Holder who gave the consent or by a subsequent Holder of the Bond by a revocation of such consent received by the Trustee prior to the execution and delivery by the Trustee of the Supplemental Indenture. At any time after the Holders of the required percentage of Bonds have filed their consents to the Supplemental Indenture, the Trustee is to make and file with the Issuer a written statement that the Holders of the required percentage of Bonds have filed those consents. That written statement will be conclusive evidence that the consents have been so filed.

If the Holders of the required percentage in aggregate principal amount of Bonds outstanding shall have consented to the Supplemental Indenture, as described above, no Holder shall have any right (a) to object to (i) the execution or delivery of the Supplemental Indenture, (ii) any of the terms and provisions contained therein, or (iii) the operation thereof, (b) to question the propriety of the execution and delivery thereof, or (c) to enjoin or restrain the Trustee or the Issuer from that execution or delivery or from taking any action pursuant to the provisions thereof.

CONSENT OF THE BORROWER

Anything contained in the Indenture to the contrary notwithstanding, any Supplemental Indenture executed and delivered in accordance with the Indenture that affects in any material respect any rights or obligations of the Borrower shall not become effective unless and until the Borrower has consented in writing to the execution and delivery of that Supplemental Indenture; *provided, however*, that no consent shall be required if the Borrower is the source of an Event of Default under the Loan Agreement.

DEFEASANCE

Release of Indenture. If (a) all of the outstanding Bonds are paid and discharged, or if there otherwise shall be paid to the Holders of the outstanding Bonds, all Bond Service Charges due or to become due thereon, and (b) provision also shall be made for the payment of all other sums payable under the Indenture or the Loan Agreement, the Tax Regulatory Agreement, the Tax Exemption Agreement and the Note, then the Indenture shall cease, determine and become null and void (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to “Payment and Discharge of Bonds” below), and the covenants, agreements and obligations of the Issuer under the Indenture shall be released, discharged and satisfied.

Thereupon, and subject to the provisions of the Indenture if applicable,

(a) the Trustee shall release the Indenture (except for those provisions surviving by reason of the Indenture in the event the Bonds are deemed paid and discharged pursuant to “Payment and Discharge of Bonds” below), and shall execute and deliver to the Issuer any instruments or documents in writing as shall be requisite to evidence that release and discharge or as reasonably may be requested by the Issuer, and

(b) the Trustee shall assign and deliver to the Issuer any property subject at the time to the lien of the Indenture which then may be in its possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under the Indenture, or (ii) to be held by the Trustee under the Indenture or otherwise for the payment of Bond Service Charges.

Payment and Discharge of Bonds. All or any part of the Bonds will be deemed to have been paid and discharged within the meaning of the Indenture if:

(a) the Trustee as paying agent has received, in trust for and irrevocably committed thereto, sufficient Eligible Funds, or

(b) the Trustee has received, in trust for and irrevocably committed thereto, noncallable Government Obligations which are certified by an Independent public accounting firm of national reputation to be of such maturities or redemption dates and interest payment dates, and to bear such interest, as will be sufficient together with any Eligible Funds to which reference is made in subparagraph (a) above, without further

investment or reinvestment of either the principal amount thereof or the interest earnings therefrom (which earnings are to be held likewise in trust and so committed, except as provided herein), for the payment of all Bond Service Charges on those Bonds at their maturity, or their redemption date, as the case may be.

Any money so held by the Trustee in accordance with the provisions of this section may be invested by the Trustee at the written direction of the Borrower only in noncallable Government Obligations having maturity dates, or having redemption dates which, at the option of the owner of those obligations, shall be not later than the date or dates at which money will be required for the purposes described above. To the extent that any income or interest earned by, or increment to, the investments so held is determined from time to time by the Trustee to be in excess of the amount required to be held by the Trustee for such purposes, that income, interest or increment is to be transferred at the time of that determination in the manner provided in the Indenture for transfers of amounts remaining in the Bond Fund upon the written direction of the Borrower.

If any Bonds shall be deemed paid and discharged pursuant to this heading, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice prepared by the Borrower to be given to each Holder as shown on the Register on the date on which such Bonds are deemed paid and discharged. Such notice shall (i) state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged, and (ii) set forth a description of the obligations held pursuant to subparagraph (b) of the first paragraph of this heading.

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APPENDIX C

SUMMARY OF CERTAIN PROVISIONS OF THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Loan Agreement, copies of which are on file with the Issuer and the Trustee.

ISSUANCE OF BONDS; APPLICATION OF PROCEEDS

To provide funds to make the Loan for purposes of assisting the Borrower in paying Project Costs, the Issuer will simultaneously with the execution and delivery of the Loan Agreement proceed with the issuance, sale and delivery of the Bonds upon receipt by the Trustee of the items listed in the Indenture Underwriter. Under the Loan Agreement, the Issuer agrees the proceeds of sale of the Bonds will be deposited in accordance with the Indenture.

The Bonds will be issued pursuant to the Indenture in the aggregate principal amount, will bear interest, will mature and will be subject to redemption, mandatory tender and remarketing pursuant to and as set forth in the Indenture. Under the Loan Agreement, the Borrower approves the terms and conditions of the Indenture and the Bonds, and the terms and conditions under which the Bonds will be issued, sold and delivered and will comply with those provisions of the Indenture that contemplate action by the Borrower, all as if the Borrower were a party to the Indenture. The Borrower has agreed to perform fully and faithfully all the duties and obligations which the Issuer has covenanted and agreed to in the Indenture to cause the Borrower to perform.

Pending disbursement pursuant to the Loan Agreement, the proceeds of the Bonds deposited in the Project Fund, together with any investment earnings thereon, shall constitute a part of the Revenues assigned by the Issuer to the Trustee as security for the payment of Bond Service Charges as provided in the Indenture.

DISBURSEMENTS FROM THE PROJECT FUND

Subject to the provisions below and so long as no Event of Default under the Loan Agreement has occurred and is continuing for which the principal amount of the Bonds has been declared to be immediately due and payable pursuant to the Loan Agreement and the Indenture, disbursements from the Project Fund shall be made only to pay any of the following Project Costs:

- (a) Costs incurred directly or indirectly for or in connection with the acquisition, construction, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

- (b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.
- (c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.
- (d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.
- (e) Subject to the limitations set forth in the Tax Exemption Agreement, Costs of Issuance of the Bonds, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.
- (f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, improvement and equipping of the Project.
- (g) Payment of interest on the Bonds during the construction period.
- (h) Subject to reallocation for federal income tax purposes as described in the Tax Exemption Agreement, payment of interest on the Mortgage Loan.

Any disbursements from the Project Fund for the payment of Project Costs shall be made by the Trustee only upon, but within five (5) days of, the receipt by the Trustee of: (a) a disbursement request in the form attached to the Loan Agreement as an exhibit, on which the Trustee may conclusively rely; and (b) Collateral Payments in an amount equal to the amount of any such disbursement request for deposit in the Collateral Fund as provided in the Loan Agreement. The Borrower acknowledges and agrees that it shall submit disbursement requests to the Trustee no more frequently than once each calendar month. Each such disbursement request shall be consecutively numbered and accompanied by a copy of the approval of the Lender of the payments or reimbursements requested. Proceeds of the Bonds disbursed pursuant to the provisions of the Loan Agreement may only be used to pay those Project Costs identified in the sources and uses of funds attached to the Loan Agreement as an exhibit, as it may be amended pursuant to the agreement of the Lender and the Borrower.

Any disbursement for any item not described in, or the cost for which item is other than as described in, the information statement filed by the Issuer in connection with the issuance of the Bonds as required by Section 149(e) of the Code, and in the notice of public hearing pertaining to the Bonds shall be accompanied by an Opinion of Bond Counsel to the effect that such disbursement will not adversely affect the Federal Tax Status of the Bonds.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Project Costs, at the direction of the Authorized Borrower Representative, promptly shall be paid into the Bond Fund for payment of Bond Service Charges.

Notwithstanding any provision of the Loan Agreement or any provision of the Indenture to the contrary, the Trustee shall not disburse funds from the Project Fund unless and until the Trustee confirms that Eligible Funds in the Collateral Fund plus Eligible Funds in the Project Fund, less the amount of the requested disbursement from the Project Fund, is at least equal to then-outstanding principal amount of the Bonds; *provided, however*, the Trustee shall be permitted to transfer funds from the Project Fund to the Collateral Fund upon the direction of the Borrower in the form set forth on an exhibit attached to the Loan Agreement, *provided* that the result of such transfer is that the amount of Eligible Funds remaining on deposit in the Project Fund plus Eligible Funds on deposit in the Collateral Fund is at least equal to then outstanding principal amount of the Bonds.

LOAN REPAYMENT; DELIVERY OF NOTE

In consideration of and in repayment of the Loan, the Borrower shall deliver or cause to be delivered to the Trustee one Business Day prior to each Bond Payment Date, a Loan Payment in an amount equal to the amount necessary to pay Bond Service Charges due on such Bond Payment Date. All such Loan Payments shall be paid to the Trustee in accordance with the terms of the Note for the account of the Issuer and shall be held and disbursed in accordance with the provisions of the Indenture and the Loan Agreement.

The Borrower shall be entitled to a credit against the Loan Payments required to be made with respect to the Bonds on any date equal to the available money in the Bond Fund or transferred thereto from the Collateral Fund or the Project Fund for the payment of Bond Service Charges on that date.

To secure the Borrower's performance of its obligations under the Loan Agreement, the Borrower shall execute and deliver, concurrently with the issuance and delivery of the Bonds, the Note, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Project Certificate.

So long as no Event of Default has occurred and is continuing under the Loan Agreement, payments by the Borrower on the Note shall be used by the Trustee to make a like payment of Bond Service Charges and shall constitute Loan Payments.

Upon payment in full, in accordance with the Indenture, of the Bond Service Charges on any or all Bonds, whether at maturity or otherwise, or upon provision for the payment thereof having been made in accordance with the provisions of the Indenture, the Note shall be deemed fully paid, the obligations of the Borrower thereunder shall be terminated, and the Note shall be canceled by the Trustee and surrendered to the Borrower.

COLLATERAL PAYMENTS

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the delivery of Collateral Payments equal to the amount of the proposed disbursement by the Trustee on or before each such disbursement. All such Collateral Payments shall be paid to the Trustee for the account of the Issuer and shall be held in the Collateral Fund and disbursed in accordance with the provisions of the Indenture. Any such Collateral Payment amounts shall be provided to the Trustee pursuant to a disbursement request executed by the Borrower and approved in writing by the Lender (which approval shall not be unreasonably withheld, conditioned or delayed), and the Trustee shall not be responsible for computing amounts under this section.

ASSIGNMENT OF AGREEMENT AND REVENUES; TRUSTEE IS THIRD PARTY BENEFICIARY

To secure the payment of Bond Service Charges, the Issuer will assign to the Trustee, by the Indenture, its rights under and interest in the Loan Agreement (except for the Reserved Rights). In the Loan Agreement, the Borrower agrees and consents to those assignments. To the extent within its control, the Issuer has agreed in the Loan Agreement that it will not attempt to further assign, transfer or convey its interest in the Revenues or the Loan Agreement or create any pledge or lien of any form or nature with respect to the Revenues, Loan Payments or Collateral Payments under the Loan Agreement.

The Trustee shall be a third-party beneficiary of the Loan Agreement.

BORROWER'S OBLIGATIONS UPON TENDER OF BONDS

If any Unredeemed Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Special Funds for the purpose of paying the redemption price of the Bonds pursuant to the Indenture, the Borrower will cause to be paid to the Trustee as set forth in the Indenture Eligible

Funds equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

EVENTS OF DEFAULT

Each of the following shall be an "*Event of Default*" under the Loan Agreement:

(a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts credited as paid and/or transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on such date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in the Loan Agreement and the continuation of such failure for a period of 30 days after written notice thereof has been given to the Borrower by the Issuer or the Trustee, or for such longer period as the Issuer (with respect to the Reserved Rights) and the Trustee may agree to in writing; *provided*, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure will not constitute an Event of Default so long as the Borrower or the Investor Limited Partner institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admits in writing its inability to pay its debts generally as they become due; (ii) has an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commences a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or has such a proceeding commenced against it and either has an order of insolvency or reorganization entered against it or has the proceeding remain undismissed and unstayed for ninety (90) days; (iv) makes an assignment for the benefit of creditors; or (v) has a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower in the Loan Agreement or any statement in any report, certificate, financial statement or other instrument furnished in connection with the Loan Agreement or with the purchase of the Bonds at any time proves to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “*Event of Default*” as defined in the Indenture.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition of the Loan Agreement which would give rise to an Event of Default under subsection (b) above, the Borrower will not be deemed in default during the continuance of such inability. However, the Borrower is to promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and is to use commercially reasonable efforts to remove the effects thereof; *provided* that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure means, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people;

explosions; breakage, malfunction or accident to facilities, machinery, transmission pipes or canals; or partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default described under subsection (c) above, and the exercise of remedies upon any such declaration, will be subject to any applicable limitations of federal or state bankruptcy, insolvency, reorganization or similar law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, insolvency, liquidation or reorganization proceedings. The Investor Limited Partner shall have the right, but not the obligation, to cure defaults thereunder in the same manner as Borrower.

AMENDMENTS AND SUPPLEMENTS

Except as otherwise expressly provided in Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, the Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of the Indenture, as applicable.

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APPENDIX D

SUMMARY OF CERTAIN PROVISIONS OF THE TAX REGULATORY AGREEMENT

The following is a summary of certain provisions of the Tax Regulatory Agreement. The summary does not purport to be complete or definitive and is qualified in its entirety by reference to the Tax Regulatory Agreement, copies of which are on file with the Issuer and the Trustee.

TERM OF RESTRICTIONS

(a) *Occupancy Restrictions:* The term of the Occupancy Restrictions set forth in the Tax Regulatory Agreement (the “*Occupancy Restrictions*”) with respect to the Project shall commence on the date the Development is acquired and end with respect to the Project on the latest of the date (i) which is fifteen (15) years after the date on which the Project was acquired by the Borrower, (ii) which is the first day on which the Bonds or other tax-exempt private activity bonds (as defined in Section 141(a) of the Code) or similar tax-exempt financing instrument issued with respect to the Project are not outstanding (including any refunding of any such obligations) or (iii) on which any assistance provided with respect to the Project under Section 8 of the United States Housing Act of 1937, as amended, terminates (which Occupancy Restrictions period is hereinafter referred to as the “*Qualified Project Period*” for the Project).

(b) *Rental Restrictions:* The Rental Restrictions set forth in the Tax Regulatory Agreement (the “*Rental Restrictions*”) with respect to the Project shall remain in effect during the *Qualified Project Period* for the Project set forth in paragraph (a) of this section.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this section, the Tax Regulatory Agreement and all other restrictions thereunder shall cease to apply in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Trustee from enforcing the provisions of the Tax Regulatory Agreement, or condemnation or similar event, *provided* that within a reasonable time period either (i) the Bonds is retired; or (ii) any insurance proceeds or condemnation award or other amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142 of the Code and applicable Regulations, or any successor law or regulation. However, the provisions of this paragraph shall cease to apply (and the provisions of paragraphs (a) and (b) above shall apply for the remainder of the *Qualified Project Period*) in the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event if, at any time subsequent to such event and during the *Qualified Project Period*, the Borrower or any transferee or assignee of the Project or a related person to any of the foregoing (as defined in Section 147(a)(2) of the Code) (a “*Related Person*”) obtains an ownership interest in the Project for federal tax purposes.

(d) The Tax Regulatory Agreement shall terminate with respect to the Project upon the earlier of (i) termination of the Occupancy Restrictions and the Rental Restrictions, as provided in paragraphs (a) and (b) of this section for the Project, or (ii) termination pursuant to the

provisions of paragraph (c) of this section for the Project or (iii) delivery to the Issuer, the Borrower and the Trustee of an opinion of a nationally recognized municipal bond counsel (“*Bond Counsel*”) in form and substance satisfactory to the Issuer to the effect that continued compliance with the Rental Restrictions and the Occupancy Restrictions for the Project is not required in order for interest on the Bonds to remain excludable from gross income of the owners of the Bonds for federal income tax purposes.

(e) Upon delivery by the Borrower to the Issuer and the Trustee of an opinion of independent counsel acceptable to the Issuer that the conditions to termination of the Tax Regulatory Agreement have been met, the Issuer and the Trustee shall, upon request by the Borrower or its assigns, file any documentation necessary to remove the Tax Regulatory Agreement from the real estate records of Travis County, Texas.

DEVELOPMENT RESTRICTIONS

The Borrower has represented, warranted and covenanted that:

(a) The Borrower has reviewed the provisions of the Tax Regulatory Agreement with its counsel and understands said provisions.

(b) Any functionally related and subordinate facilities (e.g., parking areas, laundry facilities, tenant offices, physical therapy rooms, dining rooms, meeting rooms, common areas, swimming pools, tennis courts, etc.) (the “*Related Facilities*”) to the Project, if applicable, will be made available to all tenants of the Project on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Project be discriminatory or exclusionary as to the low-income tenants of the Project. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis.

(c) For the Qualified Project Period, the Borrower shall not: (1) except upon a sale or transfer of the Project in accordance with the terms of the Tax Regulatory Agreement, the Loan Agreement (as hereinafter defined) or the Security Instrument (as defined in the Indenture), encumber any portion of the Project or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Project (except for apartment leases), it being understood that the terms of the financing will be subordinate to the Tax Regulatory Agreement or (2) demolish any part of the Project or substantially subtract from any real or personal property of the Project; *provided*, that nothing herein shall prohibit the Borrower from granting operating leases and/or licenses of those facilities constituting part of the Project which are functionally related and subordinate to the residential units, such as laundry or recreational facilities, for the purpose of providing for the operation of such facilities for the benefit of the Project.

(d) For the Qualified Project Period, the Borrower shall exercise reasonable diligence to comply with the requirements of the Tax Regulatory Agreement and shall correct any noncompliance within sixty (60) days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence.

(e) The Borrower shall cause the Project to meet the requirements of the Tax Regulatory Agreement.

(f) Upon completion of construction, the Project will consist of a building or structure or several proximate buildings or structures of similar construction each containing one or more similarly constructed residential units located on a single tract of land or contiguous tracts of land which are owned, for federal tax purposes, at all times by one person or entity, and may include facilities functionally related and subordinate thereto. Each such building or structure will be a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof and containing five (5) or more similarly constructed units, or if such building does not contain at least five (5) or more similarly constructed units, no unit in such building will be occupied by an owner or manager of any units in the Project.

(g) All of the units in the Project will contain complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Each unit will contain a kitchen that includes a stove, cooking range, full-size refrigerator and sink.

(h) None of the units in the Project will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

OCCUPANCY RESTRICTIONS AND AFFIRMATIVE OBLIGATIONS

Pursuant to Section 142 of the Code, the Issuer has elected, and the Borrower has agreed, that the requirements of subparagraph B of such Section 142(d)(1) of the Code will apply to the Project. The Borrower has made the following representations, warranties and covenants, among others, in the Tax Regulatory Agreement that:

(a) At all times during the Qualified Project Period, at least 40% of the completed residential units in the Project will be continuously occupied (or, only after the initial occupancy thereof, treated as occupied as provided herein) by individuals whose aggregate adjusted income (computed in the manner described in Section 1.167(k) 3(b)(3) of the Regulations, prior to its removal by T.D. 8474, 1993 1 C.B. 242) (hereinafter, "*Adjusted Gross Income*") does not exceed 60% of the median gross income, adjusted for family size, for the area in which the Development is located, determined in a manner consistent with determinations of lower income families and median gross income under Section 8 of the United States Housing Act of 1937, as amended (a "*Qualifying Tenant*"); *provided*, that if all the occupants of a unit are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that unit will not be deemed

to be “Qualifying Tenants.” The determination of whether an individual or family meets the income requirement set out above shall be made at the earlier of the time occupancy commences or the execution of the current lease with respect thereto and on an annual basis thereafter and shall be based upon Income Certifications (as hereinafter defined). Any residential unit occupied by an individual or family who is a Qualifying Tenant shall continue to be treated as occupied by a Qualifying Tenant during their tenancy in such unit, even though they subsequently cease to be of low or moderate income, unless the most recent determination of their income indicates that their income exceeds one hundred and forty percent (140%) of the applicable income limit (whether as a result of an increase in income or a decrease in family size or otherwise) and after such determination but before the next determination any residential unit of comparable or smaller size in the Project is occupied by a new resident whose income exceeds the then applicable income limit. Any residential unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period not to exceed thirty-one (31) days, at which time the character of such unit with respect to occupancy by a Qualifying Tenant shall be redetermined. In applying the foregoing forty percent (40%) requirement, 0.40 shall be multiplied by the total number of completed residential units, and if the resulting number contains a fraction, it shall be rounded up to the next highest whole unit.

(b) As a condition to occupancy, each individual or family who is intended to be a Qualifying Tenant shall, prior to occupying a residential unit or signing a lease, be required to sign and deliver to the Borrower, a “Certification of Income” attached as an exhibit to the Tax Regulatory Agreement (the “*Income Certification*”) in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, said tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. In addition, such Qualifying Tenant shall be required to provide whatever other information, documents or certifications, including employment verifications and income tax returns, as are reasonably deemed necessary by the Borrower or the Issuer to substantiate the initial or subsequent Income Certification.

(c) The Borrower shall use or cause to be used, in renting any residential units in the Project to a prospective Qualifying Tenant, a lease that provides for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of Texas law, for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

(d) All Income Certifications will be maintained on file at the Project so long as the Bonds are outstanding and for five (5) years thereafter with respect to each Qualifying Tenant who occupied a residential unit in the Project during the period the restrictions hereunder are applicable, and the Borrower shall, upon three (3) Business Days prior request, make such Income Certifications available for inspection by the Trustee and the Issuer.

(e) On the tenth (10th) day of the month after any residential unit in the Project is available for occupancy and the tenth (10th) day of each calendar quarter thereafter, the Borrower will submit to the Issuer, with a copy to the Trustee, the “Certificate of Continuing Program Compliance,” in the form attached as an exhibit to the Tax Regulatory Agreement, executed by the Borrower stating the percentage of completed residential units in the Project which were occupied or held available for occupancy by Qualifying Tenants (but only after initial occupancy by a Qualifying Tenant) at all times during the preceding month or quarter, as appropriate, and identifying Qualifying Tenants who commenced or terminated occupancy in the Development during such month or quarter, as appropriate.

(f) On the annual anniversary of the issuance of the Bonds (or at such other times, as prescribed by the Secretary of the United States Treasury Department), the Borrower will submit to the Secretary of the United States Treasury Department (with a copy to the Issuer) a certificate in the form that the Secretary prescribes, that the Project continues to meet the requirements of Section 142 of the Code.

(g) To satisfy the requirements of the Texas Public Facility Corporations Act, Chapter 303, Texas Local Government Code, the Borrower has represented, covenanted and agreed as follows:

(i) the percentage of lower and moderate income housing units reserved in each category of units in the Development, based on the number of bedrooms per unit, shall be the same as the percentage of each category of housing units reserved in the Development as a whole. For the purposes of this requirement, “lower income housing unit” means a residential unit reserved for occupancy by an individual or family earning not more than 60 percent of the area median income, adjusted for family size as defined by the United States Department of Housing and Urban Development. The term “moderate income housing unit” means a residential unit reserved for occupancy by an individual or family earning not more than 80 percent of the area median income, adjusted for family size, as defined by the United States Department of Housing and Urban Development;

(ii) that it will not refuse to rent a residential unit to an individual or family because the individual or family participates in the housing choice voucher program; or use a financial or minimum income standard that requires an individual or family participating in the housing choice voucher program to have a monthly income of more than 250 percent of the individual's or family's share of the total monthly rent payable for a unit. For the purposes of the Regulatory Agreement, “housing choice voucher program” means the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f, as amended);

(iii) to affirmatively market available residential units directly to individuals and families participating in the housing choice voucher program; and

notify local housing authorities of the multifamily residential development's acceptance of tenants in the housing choice voucher program;

(iv) to publish on the Borrower's internet website information about the Development's compliance with the requirements of Section 303.0425 of the Texas Local Government Code; and policies regarding tenant participation in the housing choice voucher program;

(v) to provide in each lease agreement that

(1) the Borrower may not retaliate against the tenant or the tenant's guests by taking an action because the tenant established, attempted to establish, or participated in a tenant organization;

(2) the Borrower may only choose to not renew the lease if the tenant:

(A) is in material noncompliance with the lease, including nonpayment of rent;

(B) committed one or more substantial violations of the lease;

(C) failed to provide required information on the income, composition, or eligibility of the tenant's household; or

(D) committed repeated minor violations of the lease that:
(i) disrupt the livability of the property; (ii) adversely affect the health and safety of any person or the right to quiet enjoyment of the leased premises and related development facilities; (iii) interfere with the management of the Development; and

(vi) to serve written notice of any proposed nonrenewal of a lease agreement no later than the 30th day before the effective date of nonrenewal.

(h) To satisfy the requirements of Chapter 1372 of the Texas Government Code, as amended, the Borrower has represented, covenanted and agreed to utilize its best efforts and all due diligence to ensure that (i) fifty percent (50%) of the units in the Project are rented to persons whose Adjusted Gross Income, together with the Adjusted Gross Income of all persons who intend to reside with such person in one residential unit, did not, for the immediately preceding tax year, equal or exceed fifty percent (50%) of the area median income as determined and adjusted from time to time by the Secretary of HUD and (ii) fifty percent (50%) of the units in the Development are rented to persons whose Adjusted Gross Income together with the Adjusted Gross Income of all persons who intend to reside with such person in one residential unit, did not, for the immediately preceding tax year, equal or exceed sixty percent (60%) of the area median income as

determined and adjusted from time to time by the Secretary of HUD, and will not rent or lease any residential unit in the Project to a person not a tenant if such rental would cause the limits set forth above not to be met (the “*Chapter 1372 Requirements*”); and

(i) The Borrower has represented, covenanted and agreed as follows:

(i) to obtain and maintain on file a sworn statement as to the Adjusted Gross Income of each tenant who resides in the Project (and of any persons who reside in the same residential unit with such tenant) for the immediately preceding taxable year;

(ii) to permit any duly authorized representative of the Issuer and the Trustee to inspect the books and records of the Borrower pertaining to the Adjusted Gross Income of the residents of the Project; and

(iii) to prepare and submit to the Issuer and the Trustee within ninety (90) days after any residential unit in the Project is available for occupancy and each January 1 during the term of Tax Regulatory Agreement, the “Certificate of Continuing Program Compliance,” in the form attached as an exhibit to the Tax Regulatory Agreement, executed by the Borrower stating that at least fifty percent (50%) of the residential units in the Project were occupied by Low-Income Tenants at all times during the preceding month or quarter, as appropriate.

The terms of the foregoing subsection (g) are stated in stated in the Tax Regulatory Agreement to ensure compliance with Section 303.0425 of the Texas Local Government Code. The terms stated in the foregoing subsections (g) and (h) shall be construed together to preserve the tax exemption of Chapter 303 of the Texas Local Government Code and the federal tax status of any financing of the Development.

RENTAL RESTRICTIONS

The Borrower has represented, warranted and covenanted that once available for occupancy, each residential unit in the Project will be rented or available for rental on a continuous basis to members of the general public (other than residential units for a resident manager and/or maintenance personnel and residential units for individuals or families of low or moderate income as provided for in the Tax Regulatory Agreement). Each Qualifying Tenant occupying a unit in the Project will be required to execute a written lease which shall be effective for a term of at least six (6) months. No meals or other services will be provided to the tenants of the Project on a regularly scheduled basis.

TRANSFER RESTRICTIONS

For the Qualified Project Period, the Borrower shall sell, transfer, assign, convey, change title to or otherwise dispose of the Project (a “*Transfer*”), in whole or in part, only in accordance with the terms of the Loan Agreement dated as of the date of the Tax Regulatory Agreement, among the Issuer, the Borrower and the Trustee (the “*Loan Agreement*”). Further, any such sale,

transfer, assignment, conveyance, change in title or other disposition shall only be permitted if: (1) the Borrower shall not be in default hereunder; (2) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee or the Issuer with respect to assuming its obligations under the Tax Regulatory Agreement and the Loan Agreement (together, the “*Assumption Agreement*”), which document shall be recorded in the Travis County, Texas, Clerk’s Office; (3) the Trustee, the Lender and the Issuer shall have received an opinion of Bond Counsel, which opinion is acceptable to the Issuer and the Trustee, to the effect that such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes, and the Lender shall have otherwise approved such transfer to the extent the Mortgage Loan remains outstanding; (4) the Borrower shall deliver to the Trustee and the Issuer a certificate, reasonably acceptable in form to the Issuer and the Trustee, to the effect that the Borrower did not develop the Project with the intention of sale upon completion of its construction; (5) the Borrower shall deliver to the Trustee, the Lender and the Issuer an opinion of counsel to the transferee, which opinion is reasonably acceptable to the Issuer, that the transferee has duly assumed the obligations of the Borrower under the Tax Regulatory Agreement and that such obligations and the Tax Regulatory Agreement are binding on the transferee; and (6) such other conditions are met as are set forth in or referred to in the Indenture or as the Trustee or the Issuer may reasonably impose as part of the Assumption Agreement (i) to protect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (ii) to ensure that the Project is not acquired by a person which has pending against it, or which has a history of, building code violations, as identified by county, state or federal regulatory agencies; and (iii) to provide that all indemnification obligations for the benefit of the Trustee, the Issuer and the Sponsor pursuant to the Tax Regulatory Agreement and elsewhere are assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this section have been satisfied, and the Borrower has obtained the consent to such transfer of any other party required under the terms of the Loan Agreement, the Trustee and the Issuer shall deliver a release to the Borrower with respect to any future compliance with the provisions of the Tax Regulatory Agreement with respect to the Project, and the Issuer shall deliver a release with respect to any future compliance with the provisions of the Loan Agreement (subject to any further transfer restrictions in the Loan Agreement). The Borrower shall deliver the form of Assumption Agreement to the Trustee and the Issuer at least ten (10) business days prior to a proposed Transfer.

In accordance with the terms of the Loan Agreement, the following shall be permitted and shall not require the prior approval of the Issuer: (i) the transfer by the Investor Limited Partner of its interests in the Borrower in accordance with the terms of the Organizational Documents (as defined in the Indenture), (ii) the transfer of ownership interests in the Investor Limited Partner, (iii) upon expiration of the tax credit compliance period, the transfer of interests of the Investor Limited Partner in the Borrower to the General Partner, the Special Limited Partner (as defined in the Indenture) or any of their respective affiliates and (iv) any amendment to the Organizational Documents to memorialize the transfers or removal described above or that does not negatively impact the Borrower’s ability to perform its obligations under the Tax Regulatory Agreement.

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APPENDIX E

PROPOSED FORMS OF OPINION OF BOND COUNSEL AND SPECIAL TAX COUNSEL

On the date of issuance of the Bonds, Bickerstaff Heath Delgado Acosta LLP, Bond Counsel, proposes to render its approving opinion in substantially the following form:

[To be Provided]

On the date of issuance of the Bonds, Chapman and Cutler LLP, Special Tax Counsel, proposes to render its opinion in substantially the following form:

[To be Provided]

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

Re: \$60,815,000*
 Manor Housing Public Facility Corporation
 Multifamily Housing Revenue Bonds
 (Tower Road Apartments),
 Series 2024

Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024

This Continuing Disclosure Agreement (this “*Disclosure Agreement*”) is made as of this 1st day of October, 2024, by and between Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”) and BOKF, NA, a national banking association, as Dissemination Agent (the “*Dissemination Agent*”). This Disclosure Agreement is entered into in connection with the issuance and sale by the Manor Housing Public Facility Corporation (the “*Issuer*”) of the above-captioned bonds (the “*Bonds*”) pursuant to a Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), by and between BOKF, NA, as trustee, and the Issuer.

SECTION 1. PURPOSE OF THIS DISCLOSURE AGREEMENT.

This Disclosure Agreement is being executed and delivered for the benefit of the holders and beneficial owners of the Bonds (collectively, the “*Bondholders*”) and in compliance with Securities and Exchange Commission Rule 15c2-12(b)(5), as it may be amended from time to time (the “*Rule*”), including administrative or judicial interpretations thereof, as it applies to the Bonds.

The Borrower acknowledges and agrees that the Issuer is not an “obligated person” for purposes of the Rule and shall have no reporting or disclosure obligations hereunder. In addition to any other indemnification obligations of the Borrower to the Issuer and the Dissemination Agent now or hereafter existing, the Borrower hereby covenants and agrees to indemnify and hold harmless the Issuer and the Dissemination Agent, any person who “controls” the Issuer or the Dissemination Agent (within the meaning of Section 15 of the Securities Act of 1933, as amended), and any member, officer, director, official, agent, employee, and attorney of the Issuer, the State or the Dissemination Agent (collectively called the “*Indemnified Parties*”) against any and all losses, claims, damages or liabilities (including all costs, expenses and reasonable counsel fees incurred in investigating or defending such claim) suffered by any of the Indemnified Parties and caused by the Borrower and relating to, arising out of, resulting from, or in any way connected with compliance with the Rule as it applies to the Bonds.

* Preliminary, subject to change.

SECTION 2. DEFINITIONS.

In addition to the definitions set forth in the Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“*Annual Report*” shall mean the Borrower’s Annual Report provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“*Continuing Disclosure Information*” shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed with the National Repository pursuant to Section 3(c) of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed with the National Repository pursuant to Section 5(c) of this Disclosure Agreement.

“*Commission*” shall mean the Securities and Exchange Commission.

“*EMMA*” shall mean the Electronic Municipal Market Access System.

“*Listed Events*” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*National Repository*” shall mean the MSRB, through the internet facilities of EMMA, or any other public or private repository or entity that shall hereafter be designated by the Commission as a repository for purposes of the Rule.

“*Opinion of Counsel*” shall mean a written opinion of counsel expert in federal securities law acceptable to both the Issuer and the Borrower.

“*Rule*” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as it may be amended from time to time, including administrative or judicial interpretations thereof, as it applies to the Bonds.

“*State*” shall mean the State of Texas.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) Commencing with the fiscal year ending [December 31, 2024] of the Borrower, the Borrower shall, no later than 180 days following the end of its fiscal year during which any of the Bonds remain outstanding, provide to the Dissemination Agent, the Annual Report prepared in each case for the fiscal year of the Borrower ending the immediately preceding [December 31]; *provided, however*, that the audited financial statements of the Borrower may be submitted separately from the Annual Report if such audited financial statements are not

available by such date, but only if the unaudited financial statements are included in such Annual Report. Each Annual Report provided to the Dissemination Agent by the Borrower shall comply with the requirements of Section 4 of this Disclosure Agreement but may be submitted as a single document or as separate documents comprising a package and may cross-reference other information submitted to the National Repository. If the document incorporated by reference is a final official statement, it must be available from the National Repository. Any and all items that must be included in the Annual Report may be incorporated by reference from other information that is available to the public on EMMA, or that has been filed with the Commission. Unless otherwise provided by law, any Continuing Disclosure Information filed with the National Repository in accordance with this Disclosure Agreement shall be in an electronic format as shall be prescribed by MSRB Rule G-32, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32.

(b) The Dissemination Agent, promptly on receiving the Annual Report, shall submit each such Annual Report received by it to the National Repository in accordance with the Rule and to the Issuer.

(c) If the Borrower fails to submit the Annual Report to the Dissemination Agent by the date required in subsection (a) of this Section 3, the Dissemination Agent shall send a notice to the Borrower advising of such failure. Whether or not such notice is given or received, if the Borrower thereafter fails to submit the Annual Report to the Dissemination Agent by the last Business Day of the month in which such Annual Report was due, the Dissemination Agent shall promptly send a notice to the National Repository in substantially the form attached as Exhibit A hereto.

SECTION 4. CONTENTS OF ANNUAL REPORTS.

(a) The Annual Report will contain or incorporate by reference the financial information with respect to the Project, provided at least annually, of the type included in Exhibit B hereto, which Annual Report will include audited financial statements if they are prepared. If the Borrower's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report will contain unaudited financial statements, and the audited financial statements will be filed in the same manner as the Annual Report when and if they become available.

(b) The Borrower currently prepares its financial statements on an accrual basis of accounting and in accordance with generally accepted accounting principles.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following listed events (the "*Listed Events*"):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;

- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers or their failure to perform;
- (6) (i) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or (ii) other material events affecting the tax status of the Bonds;
- (7) modifications to the rights of Bondholders, if material;
- (8) Bond calls (excluding mandatory sinking fund redemptions), if material, or tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Borrower;
- (13) the consummation of a merger, consolidation, or acquisition involving the Borrower or the sale of all or substantially all of the assets of the Borrower, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a financial obligation of the Borrower, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Borrower, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Borrower, any of which reflect financial difficulties.

(b) The Borrower shall, within seven (7) Business Days of the occurrence of any of the Listed Events, notify the Dissemination Agent in writing to report the event pursuant to subsection (c) of this Section 5. In determining the materiality of any of the Listed Events specified in clauses (2), (6)(ii), (7), (8), (10), (13), (14), or (15) of subsection (a) of this Section 5, the Borrower may, but shall not be required to, rely conclusively on an Opinion of Counsel. The Dissemination Agent shall have no obligation under this Disclosure Agreement to investigate whether any of the Listed Events have occurred, or to provide, or to monitor the Borrower's obligation to provide, notification of the occurrence of any of the Listed Events.

(c) If the Dissemination Agent has been instructed in writing by the Borrower to report the occurrence of a Listed Event, then at the Borrower's expense the Dissemination Agent shall file a notice of such occurrence with the National Repository within three (3) Business Days of the receipt of such instruction, with a copy of such notice provided by the Dissemination Agent to the Borrower, the Issuer, and the Trustee. In addition, notice of a Listed Event described in subsection (a)(8) of this Section 5 shall be given by the Dissemination Agent under this subsection simultaneously with the giving of the notice of the underlying event to the Bondholders of the affected Bonds pursuant to the Indenture. It is agreed and understood that the duty to make or cause to be made the disclosures herein is that of the Borrower, and not that of the Trustee or the Dissemination Agent. The Dissemination Agent shall not be liable in damages or in tort to any person or entity, including the Underwriter, Issuer, Borrower, or any Holder or Beneficial Owner of any interests in the Bonds as a result of its failure to give the foregoing notice or to give such notice in a timely fashion.

SECTION 6. SUBMISSION OF INFORMATION TO MSRB.

Any Continuing Disclosure Information filed with the MSRB in accordance with this Disclosure Agreement shall be in electronic format as shall be prescribed by MSRB Rule G-32 or such other format as the Rule may require or permit, and shall be accompanied by such identifying information as shall be prescribed by MSRB Rule G-32 or as may otherwise be required by the Rule.

SECTION 7. DEFAULTS AND REMEDIES.

(a) *Events of Default.* The following shall each constitute an "Event of Default" hereunder:

(1) The occurrence and continuation of a failure by the Borrower to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the Borrower by the Dissemination Agent, any Bondholder or the Issuer ("*Disclosure Default*"); or

(2) The occurrence and continuation of a failure by the Dissemination Agent to observe, perform or comply with any covenant, condition or agreement on its part to be observed or performed in this Disclosure Agreement, if such failure shall remain uncured for a period of thirty (30) days after written notice thereof has been given to the

Dissemination Agent by the Issuer, the Trustee or any Bondholder (“*Dissemination Default*”).

(b) *Remedies on Default.* (1) (i) In the case of the enforcement of any of the obligations hereunder to provide the Annual Report and any notice provided in connection with the occurrence of a Listed Event, the Trustee, on behalf of the Bondholders, may and (ii) in the case of challenges to the adequacy of information set forth in the Annual Report and any notice provided in connection with the occurrence of a Listed Event so provided, the Trustee may (and at the written request of the Issuer or the Owners of at least twenty-five (25%) percent in aggregate principal amount of Outstanding Bonds, after having provided to the Trustee adequate security and indemnity, shall), take whatever action at law or in equity against the Borrower or the Dissemination Agent which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower or the Dissemination Agent under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent to perform and carry out their duties under this Disclosure Agreement; *provided*, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(2) The Issuer, or any Bondholder, for the equal benefit and protection of all Bondholders similarly situated, may take whatever action at law or in equity against the Borrower or the Dissemination Agent and any of the officers, agents and employees of the Borrower or the Dissemination Agent which is necessary or desirable to enforce the specific performance and observance of any obligation, agreement or covenant of the Borrower or the Dissemination Agent, as the case may be, under this Disclosure Agreement and may compel the Borrower or the Dissemination Agent, as the case may be, or any such officers, agents or employees to perform and carry out their duties under this Disclosure Agreement; *provided*, that no person or entity shall be entitled to recover monetary damages hereunder under any circumstances.

(3) In case the Trustee, the Dissemination Agent, the Issuer, or any Bondholder shall have proceeded to enforce its rights under this Disclosure Agreement and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to such party, then and in every such case the Issuer, the Trustee, the Dissemination Agent, or any Bondholder, as the case may be, shall be restored respectively to their several positions and rights hereunder, and all rights, remedies and powers of the Issuer, the Trustee, the Dissemination Agent, or any Bondholder shall continue as though no such proceeding had been taken.

(4) An Event of Default under this Disclosure Agreement shall not be deemed an event of default under the Indenture, and the sole remedy under this Disclosure Agreement in the event of any failure by the Borrower to comply with this Disclosure Agreement shall be as set forth in subsection 7(b) of this Disclosure Agreement. The sole remedies under this Disclosure Agreement in the event of any failure by the Dissemination Agent to comply with this Disclosure Agreement shall be as set forth in subsection 7(b) of this Disclosure Agreement.

(c) *Agreements to Pay Reasonable Attorneys' Fees and Expenses.* If a Disclosure Default occurs and the Trustee, or any Bondholder, as the case may be, employs attorneys or incurs other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower herein contained, the Borrower agrees that it will on demand therefor pay to the Trustee, the Issuer, or such Bondholder the fees of such attorneys and such other costs and expenses so incurred by the Trustee, the Issuer, or such Bondholder, as the case may be.

(d) *No Remedy Exclusive.* No remedy herein conferred upon or reserved to the Trustee, the Issuer, the Dissemination Agent, or any Bondholder is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Disclosure Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer, the Trustee, the Dissemination Agent, or any Bondholder, as the case may be, to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required.

(e) *No Additional Waiver Implied by One Waiver.* In the event any agreement contained in this Disclosure Agreement shall be breached by any party and thereafter waived by any affected party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

(f) *Delay Not to Constitute Waiver.* No failure by any party to insist upon strict performance of this Disclosure Agreement or to exercise any remedy upon the occurrence of a Disclosure Default or a Dissemination Default shall constitute a waiver of such default, or a waiver or modification of any provision of this Disclosure Agreement, and, likewise, no prior course of dealing between the parties hereto shall constitute a waiver of such default or a waiver or modification of any provision of this Disclosure Agreement.

SECTION 8. TERMINATION OF REPORTING OBLIGATION.

Except as otherwise provided herein, the obligations of the Borrower under this Disclosure Agreement shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds, or when the Borrower is no longer an Obligated Person (as defined in the Rule) with respect to the Bonds.

SECTION 9. AMENDMENT; WAIVER.

Notwithstanding any other provisions of this Disclosure Agreement, the Borrower may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an Opinion of Counsel addressed to the Issuer and the Dissemination Agent to the effect that such amendment or waiver will not, in and of itself, cause the undertakings herein to violate the Rule. No such amendment shall be effective until the written consent of the Issuer has been received. No amendment to this

Disclosure Agreement shall change or modify the rights or obligations of the Dissemination Agent without its written assent thereto.

SECTION 10. ADDITIONAL INFORMATION.

Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in the Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in the Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, it shall not have any obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT.

(a) This Disclosure Agreement governs the Borrower's direction to the Dissemination Agent with respect to information to be made public. In its actions under this Disclosure Agreement, the Dissemination Agent is acting not as Trustee, but as the Borrower's agent; *provided* that the Dissemination Agent shall be entitled to the same protection in so acting under this Disclosure Agreement as it has in acting as Trustee under the Indenture as fully as if the applicable provisions of the Indenture were set forth herein. The Borrower acknowledges that the Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and no implied representations, warranties or covenants shall be read into this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the Issuer or the Borrower have provided such information to the Dissemination Agent as required by this Disclosure Agreement. The Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the Issuer or the Borrower and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the Borrower, the Holders of the Bonds or any other party. The Dissemination Agent shall have no responsibility for the Issuer's or the Borrower's failure to report to the Dissemination Agent a Listed Event or a duty to determine the materiality thereof. The Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the Issuer or the Borrower have complied with this Disclosure Agreement. The Dissemination Agent may conclusively rely upon written direction or certifications of the Issuer or the Borrower at all times.

BORROWER AGREES TO INDEMNIFY AND SAVE THE DISSEMINATION AGENT, ITS OFFICERS, DIRECTORS, EMPLOYEES AND AGENTS, HARMLESS AGAINST ANY LOSS, EXPENSE AND LIABILITIES WHICH IT MAY INCUR ARISING OUT OF OR IN THE EXERCISE OR PERFORMANCE OF ITS POWERS AND DUTIES HEREUNDER, INCLUDING THE COSTS AND EXPENSES (INCLUDING ATTORNEYS' FEES) OF DEFENDING AGAINST, ANY CLAIM OF LIABILITY, BUT EXCLUDING LIABILITIES THAT ARE FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION TO HAVE BEEN THE DIRECT RESULT OF

THE DISSEMINATION AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT. THE OBLIGATIONS OF THE ISSUER AND THE BORROWER UNDER THIS SECTION SHALL SURVIVE RESIGNATION OR REMOVAL OF THE DISSEMINATION AGENT AND DEFEASANCE, REDEMPTION OR PAYMENT OF THE BONDS. THE INDEMNIFICATION OF THE DISSEMINATION AGENT AS PROVIDED IN THIS SECTION 11 SHALL REMAIN IN FULL FORCE AND EFFECT IF LIABILITIES DIRECTLY OR INDIRECTLY RESULT FROM, ARISE OUT OF, OR RELATE TO, OR ARE ASSERTED TO HAVE RESULTED FROM, ARISEN OUT OF, OR RELATED TO, THE SOLE OR CONTRIBUTORY NEGLIGENCE OF THE DISSEMINATION AGENT. NOTWITHSTANDING ANYTHING TO THE CONTRARY CONTAINED HEREIN, THE INDEMNITY PROVISIONS OF THIS SECTION 11 SHALL SURVIVE THE TERMINATION OF THIS DISCLOSURE AGREEMENT AND THE LEGAL DEFEASANCE, PRIOR REDEMPTION OR PREPAYMENT OF ALL OF THE BONDS, AND THE RESIGNATION OR REMOVAL OF THE DISSEMINATION AGENT.

(b) The Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The fees and expenses of such counsel shall be payable by the Issuer or the Borrower.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Disclosure Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. BENEFICIARIES.

This Disclosure Agreement shall inure solely to the benefit of the Dissemination Agent, the Issuer and the Bondholders, and the Issuer and each Bondholder is hereby declared to be a third-party beneficiary of this Disclosure Agreement. The Issuer shall have the right to bring an action in order to enforce the obligations of the parties hereunder. Except as provided in the immediately preceding sentence, this Disclosure Agreement shall create no rights in any other person or entity.

SECTION 13. NOTICES.

All notices and other communications required or permitted under this Disclosure Agreement shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, first class, postage prepaid, or overnight mail, addressed as set forth below:

- (i) If to the Borrower: Manor Leased Housing Associates I, Limited Partnership
c/o Dominion Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Neal Route

with a copy to: Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: John Nolde

(ii) If to the Dissemination Agent: BOKF, NA
1401 McKinney Street, Suite 1000
Houston, Texas 77010
Attention: Corporate Trust Department

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section 13 for the giving of notice.

SECTION 14. SUCCESSORS AND ASSIGNS.

All of the covenants, promises and agreements contained in this Disclosure Agreement by or on behalf of the Borrower or the Dissemination Agent shall bind and inure to the benefit of their respective successors and assigns, whether so expressed or not.

SECTION 15. HEADINGS FOR CONVENIENCE ONLY.

The descriptive headings in this Disclosure Agreement are inserted for convenience of reference only and shall not control or affect the meaning or construction of any of the provisions hereof.

SECTION 16. COUNTERPARTS.

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

SECTION 17. SEVERABILITY.

If any provision of this Disclosure Agreement, or the application of any such provision in any jurisdiction or to any person or circumstance, shall be held invalid or unenforceable, the remaining provisions of this Disclosure Agreement, or the application of such provision as is held invalid or unenforceable in jurisdictions or to persons or circumstances other than those in or as to which it is held invalid or unenforceable, shall not be affected thereby.

SECTION 18. GOVERNING LAW AND VENUE.

This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 19. EMMA CONTACT INFORMATION.

If contact information for the Borrower is requested while the Dissemination Agent is using EMMA for matters relating to this Disclosure Agreement, the Dissemination Agent shall provide the contact information listed for the Borrower included in Section 13 hereof.

IN WITNESS WHEREOF, the parties have executed this Disclosure Agreement by their proper and duly authorized officers the day and year first above written.

MANOR LEASED HOUSING ASSOCIATES I,
LIMITED PARTNERSHIP, a Texas limited
partnership

By: MHPFC TRGP1 LLC, a Texas limited
liability company, its general partner

By: Manor Housing Public Facility
Corporation, its sole member

By: _____
Name: _____
Title: _____

BOKF, NA,
As Dissemination Agent

By: _____
Rosalyn Davis
Vice President

EXHIBIT A

NOTICE OF FAILURE TO FILE AN ANNUAL REPORT

Name of Issuer: Manor Housing Public Facility Corporation

Name of Bond Issue affected: Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024

CUSIP: _____

Date of Issuance of the affected Bond Issue: [October 25], 2024

NOTICE IS HEREBY GIVEN that Manor Leased Housing Associates I, Limited Partnership has not provided the Annual Report with respect to the above-named Bond issue as required by Section 3 of the Continuing Disclosure Agreement dated as of October 1, 2024, among the Borrower and the Dissemination Agent. The Borrower anticipates that the specified Annual Report will be filed by _____.

Dated: _____

BOKF, NA, a national banking association,
as Dissemination Agent

By: _____
Name: _____
Title: _____

cc: Borrower

EXHIBIT B

ANNUAL REPORT

\$60,815,000*

**Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments),
Series 2024**

CUSIP: _____

Report for Period Ending

THE PROJECT

Name: Tower Road Apartments

Address:

Occupancy:

Number of Units: 324

Number of Units Occupied as of Report Date:

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

Revenues

Operating Expenses¹

Net Operating Income

Debt Service on the Loan

Net Operating Income/(Loss)

After Debt Service

The average occupancy of the Project for the fiscal year ended [_____] was [_____] %.

* Preliminary, subject to change.

¹ Excludes depreciation and other non-cash expenses, includes management fee.



PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Resolution authorizing the issuance, sale and delivery of Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$4,000,000; approving the form and substance of a subordinate indenture, a subordinate loan agreement, a regulatory agreement and declaration of restrictive covenants, a tax exemption certificate and agreement, and a bond purchase agreement; authorizing the execution of any other documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating thereto.

BACKGROUND/SUMMARY:

This item is for the MHPFC’s authorization of the issuance of Subordinate Bonds to finance the Tower Road Apartments, and the negotiation and execution of all documents, certifications, agreements, contracts, and security instruments necessary to facilitate the sale of the bonds. The City Council, at its October 16th meeting, will consider an item to ratify and authorize the PFC’s authorization of the issuance of the Subordinate Bonds. The PFC is serving primarily two functions in this project which will provide 324 units of affordable housing for low-income residents of the City: issuer of bonds for the financing, and lender, landlord and contractor. This resolution primarily relates to the PFC’s issuance of bonds. It should be noted that because the PFC is serving as landlord and contractor, the project is exempt from ad valorem tax and sales tax for the construction of the project. The PFC will be serving as the landlord, and as general contractor through its wholly-owned LLC, MHPFC TR GP 1 LLC, and its wholly-owned LLC, Tower Road Contractor LLC. The ownership, financing, development, and construction of the project is structured to protect and indemnify the PFC, the City, and its officials and employees from liability for matters arising in connection with the project.

For the bonds and the project to be tax-exempt, the City Council must authorize the PFC to issue the bonds. The City Council will take up this matter at the Council meeting following this meeting of the PFC.

LEGAL REVIEW: Yes, Gregory Miller, Bond Counsel

FISCAL IMPACT: No, The bonds will be special obligations of the PFC payable from the revenues of the project. Neither the PFC nor the City will be responsible for payment. The PFC will be compensated in the approximate amounts shown on the table attached with this summary.

PRESENTATION: Yes
ATTACHMENTS: Yes

- Resolution 2024-MHPFC05

PROPOSED MOTION: Move to approve Resolution No. 2024-MHPFC05 authorizing the issuance, sale and delivery of Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$4,000,000; approving the form and substance of a subordinate trust indenture, a subordinate loan agreement, a regulatory agreement and declaration of restrictive covenants, a tax exemption certificate and agreement, and a bond purchase agreement; authorizing the execution of any other documents and instruments necessary or convenient to carry out the purposes of this resolution; and containing other provisions relating thereto.

STAFF RECOMMENDATION: Staff recommends approval

RESOLUTION NO. 2024-MHPFC05

RESOLUTION AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF SUBORDINANCE MULTIFAMILY HOUSING REVENUE BONDS (TOWER ROAD APARTMENTS), SERIES 2024 IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$4,000,000; APPROVING THE FORM AND SUBSTANCE OF A TRUST INDENTURE, A LOAN AGREEMENT, A REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS, A TAX EXEMPTION CERTIFICATE AND AGREEMENT AND A PLACEMENT AGENT AGREEMENT; AUTHORIZING THE EXECUTION OF ANY OTHER DOCUMENTS AND INSTRUMENTS NECESSARY OR CONVENIENT TO CARRY OUT THE PURPOSES OF THIS RESOLUTION; AND CONTAINING OTHER PROVISIONS RELATING THERETO

WHEREAS, Manor Housing Public Facility Corporation (the “Corporation”) has been duly incorporated and organized pursuant to and in accordance with the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “Act”) by the City of Manor, Texas (the “Sponsor”) to finance or provide for the acquisition, construction, equipping, furnishing, and placement in service of public facilities, including qualified residential rental projects, in an orderly, planned manner and at the lowest possible borrowing costs; and

WHEREAS, pursuant to the Act a “public facility” includes a qualified residential rental project; and

WHEREAS, the Act authorizes the Corporation to: (a) issue bonds (which are defined in the Act to include notes, interim certificates or other evidences of indebtedness) to finance, refinance or provide public facilities on behalf of the Sponsor; (b) loan the proceeds of the obligations to other entities to accomplish the purposes of the Sponsor; (c) use the proceeds of its bonds to maintain reserve funds determined by the Sponsor and the Corporation to be necessary and appropriate; (d) pay any costs relating to the issuance or incurrence of bonds by the Corporation; and (e) accept a mortgage or pledge of a public facility financed by the Corporation and, as security for the payment of any connected bonds or credit agreements that the Corporation issues or incurs, assign the mortgage or pledge and the revenue and receipts from the mortgage or pledge or grant other security; and

WHEREAS, the Board of Directors of the Corporation (the “Board”) has determined to issue, sell and deliver its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 in an aggregate principal amount not to exceed \$4,000,000 (the “Bonds”) pursuant to a Subordinate Indenture of Trust (the “Indenture”), between the Corporation and BOKF, NA as trustee (the “Trustee”), to provide for the financing by Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “Borrower”), of the acquisition, construction and equipping of a multifamily residential rental development known as Tower Road Apartments located in the City of Manor, Travis County, Texas (the “Development”) and the

payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas; and

WHEREAS, the Corporation desires to authorize the Trustee to invest and reinvest the proceeds of the Bonds and all other funds received and held under the Indenture; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986 (the “Code”) requires that the Bonds be approved by the “applicable elected representatives” (the “AERs”) after a public hearing following reasonable public notice; and

WHEREAS, the appropriate AER is the Mayor of the City of Manor, Texas; and

WHEREAS, notice of a public hearing with respect to the Bonds and the Development held by the Corporation on September 5, 2024, was published no less than 7 days before such date in at least one newspaper of general circulation available to residents of the City of Manor, Texas and was posted no less than 7 days before such date on the City’s website, which is available to residents of the City of Manor; and

WHEREAS, a hearing officer designated by the Board held such public hearing on the date and at the time and place set out in such published notice, and conducted such hearing in a manner that provided a reasonable opportunity for persons with differing views on the issuance of the Bonds and the Development to be heard; and

WHEREAS, in order to assist in financing the Development, the Board has determined that the Corporation shall enter into a Loan Agreement (the “Loan Agreement”), between the Corporation and the Borrower, pursuant to which the Borrower will receive funds to finance the cost of acquisition, construction and equipping of the Development and the payment of certain costs of issuance of the Bonds in order to construct the Development as a residential development for citizens of low and moderate income and assist such persons in the City of Manor, Texas, in obtaining decent, safe and sanitary housing at affordable prices; and

WHEREAS, in order to assure compliance with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”), the Board has determined that the Corporation shall enter into a Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”), and a Tax Exemption Certificate and Agreement dated as of the date of the issuance of the Bonds (the “Tax Agreement”), setting forth certain terms and conditions governing the use of the proceeds of the Bonds; and

WHEREAS, the Board desires to sell the Bonds pursuant to the terms of a Placement Agent Agreement dated the date of its execution and delivery (the “Placement Agreement”), among the Corporation, the Borrower and Colliers Securities LLC; and

WHEREAS, the Corporation understands that Borrower will distribute a Limited Offering Memorandum (the “Limited Offering Memorandum”) to the Placement Agent in connection with the placement of the Bonds; and

WHEREAS, in connection with the preparation of such Limited Offering Memorandum, the Corporation has furnished the information set forth under the captions “THE ISSUER” and

“ABSENCE OF MATERIAL LITIGATION – The Issuer,” and the Board now desires to authorize the use of such information in such Limited Offering Memorandum (the “Issuer Portion of the LOM”); and

WHEREAS, the Corporation has examined proposed forms of the Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Agreement and the Placement Agreement, each of which are presented with and constitute a part of this Resolution; has found the form and substance of such documents to be satisfactory and proper; and has determined to authorize the issuance of the Bonds, the execution and delivery of such documents and the taking of such other actions as may be necessary or convenient to further carry out the purposes of the Resolution.

NOW, THEREFORE, BE IT RESOLVED THAT:

Section 1. Public Hearing. The Board hereby finds, determines, recites and declares that a public hearing with respect to the Bonds and the Development was held on September 5, 2024 and was published no less than 7 days before such date in at least one newspaper of general circulation available to residents of the City of Manor, Texas and was posted no less than 7 days before such date on the City’s website, which is available to residents of the City of Manor, Texas. Such notices included the date, time and place of such public hearing, the location, general nature and the initial owner, operator or manager of the Development and the maximum aggregate principal amount of the Bonds; that all comments from interested persons were taken at such public hearings and were provided to the AER; and that the AER approved the Bonds for purposes of Section 147(f) of the Code.

Section 2. Issuance, Execution and Delivery of the Bonds. The issuance of the Bonds is hereby authorized, according to the terms of and in accordance with the Indenture; the Bonds shall contain a statement that it is being issued under the Act, as set forth in the Indenture; and upon execution and delivery of the Indenture, the officers of the Corporation are each hereby authorized to execute and attest to the Bonds and to deliver the Bonds as provided in the Indenture. The Trustee is authorized to invest the moneys held under the Indenture as provided therein.

Section 3. Approval, Execution and Delivery of the Indenture. The form and substance of the Indenture are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Indenture and to deliver the Indenture to the Trustee.

Section 4. Approval, Execution and Delivery of the Loan Agreement. The form and substance of the Loan Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Loan Agreement and to deliver the Loan Agreement to the Borrower.

Section 5. Approval, Execution and Delivery of the Regulatory Agreement. The form and substance of the Regulatory Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Regulatory Agreement and to deliver the Regulatory Agreement to the respective parties thereto.

Section 6. Approval, Execution and Delivery of the Tax Agreement. The form and substance of the Tax Agreement are hereby approved, and the officers of the Corporation are each

hereby authorized to execute the Tax Agreement and to deliver the Tax Agreement to the respective parties thereto.

Section 7. Approval, Execution and Delivery of the Placement Agreement. The form and substance of the Placement Agreement are hereby approved, and the officers of the Corporation are each hereby authorized to execute the Placement Agreement and to deliver the Placement Agreement to the parties thereto.

Section 8. Payment of Certain Fees and Expenses. The Borrower shall pay all of the Corporation's costs and expenses with respect to the Bonds, including but not limited to, the fee to be paid to the Corporation on the closing date for the Bonds, all fees and expenses of Bond Counsel and all fees and expenses of issuer's counsel to the Corporation.

Section 9. Approval of the Limited Offering Memorandum. The Board hereby authorizes the use and distribution of the Limited Offering Memorandum; provided, that in adopting the Limited Offering Memorandum, the Corporation hereby disclaims any responsibility for the Limited Offering Memorandum except for the Issuer Portion of the LOM and expressly disclaims any responsibility for any other information included as part of the Limited Offering Memorandum.

Section 10. Execution and Delivery of Other Documents. The officers of the Corporation are each hereby authorized to execute and attest to such other agreements, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, written requests and other papers, whether or not mentioned herein, as may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 11. Power to Revise Form of Documents. Notwithstanding any other provision of this Resolution, the officers of the Corporation are each hereby authorized to make or approve such revisions in the form of the documents approved hereby as, in the opinion of Bond Counsel, may be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution; approval of such changes by the Corporation shall be indicated by such officer's execution of the documents.

Section 12. Purposes of Resolution. The Board has expressly determined and hereby confirms that the issuance of the Bonds to assist in the financing of the Development will promote the public purposes set forth in Section 303.002 of the Act and will accomplish a valid public purpose of the Corporation by assisting citizens of low and moderate income in the City of Manor, Texas to obtain decent, safe and sanitary housing at affordable prices.

Section 13. Limited Obligations. The Bonds and the interest thereon shall be limited obligations of the Corporation payable solely from the revenues, funds and assets pledged under the Indenture to secure payment of the Bonds and under no circumstances shall the Bonds be payable from any other revenues, funds, assets or income of the Corporation.

Section 14. Obligations of Corporation Only. The Bonds shall not constitute an indebtedness, liability, general, special or moral obligation or a pledge or loan of the faith or credit or taxing power, within the meaning of any constitutional or statutory provision whatsoever, of the

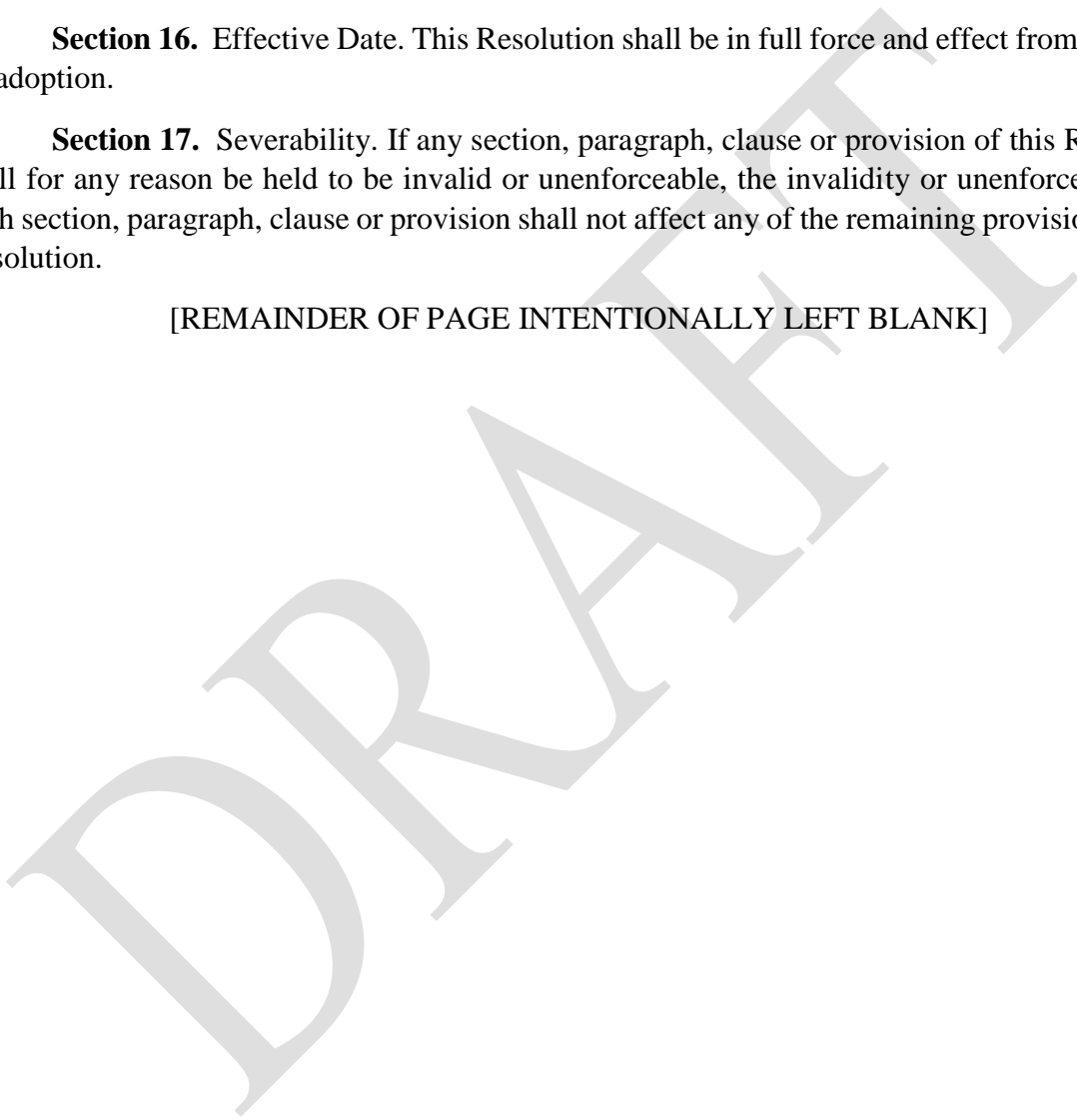
United States of America or any agency or instrumentality thereof, the State of Texas or any other political subdivision or governmental unit thereof.

Section 15. Information Return for Tax-Exempt Private Activity Bonds. The Board further directs that an officer of the Corporation submit to the Secretary of the United States Department of Treasury, not later than the 15th day of the second calendar month after close of the calendar quarter in which the Bonds is issued, a statement with respect to the Bonds containing the information required by Section 149(e) of the Code.

Section 16. Effective Date. This Resolution shall be in full force and effect from and upon its adoption.

Section 17. Severability. If any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution.

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PASSED AND APPROVED on the 16th day of October 2024.

Dr. Christopher Harvey
President, Board of Directors

ATTEST:

Lluvia T. Almaraz
Secretary, Board of Directors

DRAFT

SUBORDINATE INDENTURE OF TRUST

between

**MANOR HOUSING PUBLIC FACILITY CORPORATION,
as Issuer**

and

**BOKF, NA,
as Trustee**

Dated as of October 1, 2024

Relating to:

**\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024**

This instrument drafted by:
Bickerstaff Heath Delgado Acosta LLP
1601 S. MoPac Expressway
Suite C400
Austin, Texas 78746

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EXHIBIT A FORM OF SUBORDINATE BOND

EXHIBIT B FORM OF DEFERRED DEVELOPER FEE CERTIFICATION

SUBORDINATE INDENTURE OF TRUST

THIS SUBORDINATE INDENTURE OF TRUST, dated as of October 1, 2024 (the “Indenture”), is by and between the MANOR HOUSING PUBLIC FACILITY CORPORATION, a public facility corporation, organized under Chapter 303 of the Texas Local Government Code (the “Act”) (together with its successors and assigns, the “Issuer”), and BOKF, NA, a national banking association, organized and operating under the laws of the United States of America, as Trustee (together with any successor in such capacity, the “Trustee”).

WITNESSETH

WHEREAS, pursuant to the Act, the Issuer is authorized to issue bonds, notes or other evidences of indebtedness from time to time for the purposes set forth in the Act, including the making of secured or unsecured loans to finance or refinance the acquisition, construction, improvement, equipping or operating of a “project” (as defined in the Act); and

WHEREAS, Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “Borrower”) has requested that the Issuer issue its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments) Series 2024 in the original aggregate principal amount of \$4,000,000 (the “Subordinate Bonds”) to provide for the financing of a multifamily rental housing development located at or near 12100 Tower Road, Manor Texas 78653 to be known as “Tower Road Apartments” (the “Project”).

WHEREAS, the Issuer has agreed to issue the Subordinate Bonds and loan the proceeds thereof to the “Borrower” pursuant to a Subordinate Loan Agreement, dated as of October 1, 2024 (the “Loan Agreement”), between the Issuer and the Borrower, and the Borrower will apply the proceeds of such loan to finance and/or refinance, as applicable, all or a portion of the costs of: (a) the acquisition, construction, development, improvement, equipping and/or operating of the Project; (b) paying capitalized interest on the Subordinate Bonds (as defined below), if any; and (c) paying fees, expenses and costs incurred in connection with the authorization, issuance and sale of such Obligations; and

WHEREAS, concurrently with the issuance of the Subordinate Bonds, the Issuer will execute and deliver its senior Multifamily Housing Revenue Note (Tower Road Apartments), Series 2024, in the maximum principal amount of \$60,815,000 (the “Senior Note” and collectively with the Subordinate Bonds, the “Obligations”) under the Funding Loan Agreement, dated as of October 1, 2024 (the “Funding Loan Agreement”), among the Issuer, BOKF, NA, a national banking association, as Fiscal Agent (the “Fiscal Agent”) and JLL Real Estate Capital, LLC, a Delaware limited liability company, as Initial Funding Lender (the “Initial Funding Lender”);

WHEREAS, the Senior Note will be executed and delivered pursuant to the Funding Loan Agreement, the proceeds of which will be utilized to fund a loan to the Borrower pursuant to the Project Loan Agreement, dated as of October ___, 2024, among the Fiscal Agent, the Borrower and the Issuer (the “Project Loan Agreement”);

WHEREAS, as security for the payment of the Subordinate Bonds, the Issuer has agreed to assign and pledge to the Trustee, among other things, all right, title and interest of the Issuer in and to the Subordinate Loan Agreement (except the Issuer’s Unassigned Rights, as defined herein), including the Basic Payments (as defined herein); and

WHEREAS, as additional security for the Subordinate Bonds, the Borrower will execute and deliver to the Issuer a Subordinate Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated as of October ___, 2024 (the “Subordinate

Mortgage”), providing the Trustee with a subordinate leasehold mortgage lien on the property described therein; and

WHEREAS, as additional security for the Subordinate Bonds, the Borrower will cause the execution and delivery of a Guaranty Agreement, dated as of October ____, 2024 (the “Guaranty”), from Dominion Holdings II, LLC, a Minnesota limited liability company (the “Guarantor”), in favor of the Trustee, pursuant to which the Guarantor will guaranty, subject to release and termination, the payment of principal of and interest on the Subordinate Bonds; and

WHEREAS, as additional security for the Subordinate Bonds, the Borrower will pledge the Surplus Cash to the repayment of the Subordinate Bonds; and

WHEREAS, in connection with the issuance of the Obligations, the Issuer, the Borrower, and the Trustee will enter into a Regulatory Agreement and Declaration of Restrictive Covenants, dated October 1, 2024, pursuant to which the Borrower will agree to comply with certain federal and state requirements applicable to the Project; and

WHEREAS, all things necessary to make the Subordinate Bonds, when authenticated by the Trustee and issued as in this Subordinate Indenture provided, valid, binding and legal limited obligations of the Issuer according to the import thereof, and to constitute this Subordinate Indenture a valid contract for the security of the Subordinate Bonds, have been done and performed; and the creation, execution and delivery of this Subordinate Indenture, and the creation, execution and issuance of said Subordinate Bonds, subject to the terms hereof, have in all respects been duly authorized; and

NOW THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS SUBORDINATE INDENTURE WITNESSETH:

The Issuer, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Subordinate Bonds by the Holders (hereinafter defined) thereof, in order to secure the payment of the principal of and interest and premium, if any, on the Subordinate Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Subordinate Bonds, does hereby grant a security interest in, assign, transfer in trust, and pledge to the Trustee, and to its successors in trust, and to them and their assigns forever, the following (excluding in all cases the Issuer’s Unassigned Rights):

FIRST

All rights, title, interest and privileges of the Issuer in, to and under the Subordinate Loan Agreement, including but not limited to all sums which the Issuer is entitled to receive from the Borrower pursuant to the Subordinate Loan Agreement and in particular the Basic Payments (but excluding the Issuer’s Unassigned Rights), and all other sums (including proceeds of the Subordinate Bonds) which are required to be deposited in the trust accounts in accordance with Article 5 hereof, including from Available Revenue and including any amounts paid under the Guaranty, except for the Rebate Fund which is not a part of the Trust Estate; and the earnings derived from the investment of any of the foregoing sums as provided herein;

SECOND

Any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer, or by anyone on its behalf or with its written consent, including, but not limited to, the interests of the Issuer, if any, under the

Collateral Documents, and the Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security hereunder subject to the terms hereof; and

THIRD

All property mortgaged, pledged, and assigned under the Subordinate Mortgage and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien hereof by the Issuer or by anyone on its behalf or with its written consent, and the Trustee is hereby authorized to hold and apply the same as additional security hereunder subject to the terms hereof.

TO HAVE AND TO HOLD all the same (herein called the "Trust Estate") with all privileges and appurtenances hereby granted and assigned, or agreed or intended so to be, to the Trustee and its successors in trust and to them and their assigns forever;

SUBJECT TO the rights of the Borrower under the Subordinate Loan Agreement and the Subordinate Mortgage;

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Holders from time to time of the Subordinate Bonds issued under and secured by this Subordinate Indenture, without privilege, priority or distinction as to lien or otherwise of any of the Subordinate Bonds over any of the others except as otherwise provided herein;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, or provide fully for payment as herein provided of the principal of the Subordinate Bonds and the interest due or to become due thereon (together with premium, if any), at the time and in the manner set forth in the Subordinate Bonds according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required under Article 5 hereof or shall provide, as permitted hereby, for the payment thereof by depositing with the Trustee sums sufficient for payment of the entire amount due or to become due thereon as herein provided, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Subordinate Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then this Subordinate Indenture and the rights hereby granted shall cease, terminate and be void except as otherwise provided herein; otherwise, this Subordinate Indenture shall be and remain in full force and effect.

UNDER THE PROVISIONS OF THE ACT, the Subordinate Bonds may not be payable from or be a charge upon any funds of the Issuer other than the Available Revenue (hereinafter defined) pledged to the payment thereof, nor shall the Issuer be subject to any pecuniary liability thereon, and no Holder or Holders of the Subordinate Bonds shall ever have the right to enforce payment thereof against any property of the Issuer or the State, except as above provided; the Subordinate Bonds shall not constitute a charge, lien or encumbrance, legal or equitable, upon any property of the Issuer or the State, except as above provided; and no Subordinate Bond shall constitute a debt of the Issuer within the meaning of any constitutional or statutory limitation, but nothing in the Act impairs the rights of the Holders of Subordinate Bonds issued under this Subordinate Indenture to enforce the covenants made for the security thereof as provided in this Subordinate Indenture and in the Act, and by authority of the Act the Issuer and the Trustee mutually covenant and agree, to the extent specifically provided herein, for the equal and proportionate benefit of all Holders of the Subordinate Bonds, as follows:

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ARTICLE 1

DEFINITIONS, EXHIBITS AND GENERAL PROVISIONS

Section 1.1. Definitions. In this Subordinate Indenture the following terms have the following meanings unless the context hereof clearly requires otherwise:

Accrual Interest Rate: 7.00% per annum.

Accrual Interest Rate Account: the account by such name created in the Bond Fund.

Accrual Interest Rate Amount: the amount of the interest on the Subordinate Bonds calculated at the Accrual Interest Rate.

Accrual Interest Rate Payment Date: each May 1 commencing after the Deferred Developer Fee is paid in full and there is Surplus Cash available to make such payment after the required payment of the Current Interest Rate Amount.

Act: Chapter 303, Texas Local Government Code., as amended.

Act of Bankruptcy: any of the following events:

(i) If the Borrower shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like, or of all or a substantial part of their property, (b) commence a voluntary case under the Federal Bankruptcy Code (as now or hereafter in effect), or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) A proceeding or case shall be commenced, without the application or consent of the Borrower, in any court of competent jurisdiction, and shall not be dismissed, vacated, or stayed within ninety (90) days after commencement, seeking (a) the liquidation, reorganization, dissolution, winding-up, or the composition or adjustment of its debts, (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower, or of all or any substantial part of its assets, or (c) similar relief in respect of the Borrower under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

Additional Charges: the payments required by Section 4.3 of the Subordinate Loan Agreement.

Affiliated Party: as to a particular Person, any Person directly and indirectly controlling or controlled by or under direct or indirect common control with such specified Person. "Control," when used with respect to a particular Person, means the possession, directly or indirectly, of the power to direct management and policies of such Person whether through the ownership of voting stock, by contract or otherwise, and the terms "controlling" and "controlled" have meanings correlative to the foregoing.

Approved Transferee: (A) an Qualified Institutional Buyer, (B) an Institutional Accredited Investor, (C) a transferee composed solely of Qualified Institutional Buyers or Institutional Accredited Investors, or (D) a deposit or sale of the Bonds in or to a trust or custodial entity or arrangement, or any repurchase transaction or other secured lending transaction in which title, rights, or interest in the Bonds are granted to a buyer or transferee, with respect to which, in each sale, each of the beneficial owners of which are Qualified Institutional Buyers or "accredited investors" as defined in Section 501(a) of Regulation D promulgated under the Securities Act of 1933, as amended.

Authorized Denominations: \$100,000 or any integral multiple of \$5,000 in excess thereof.

Available Revenue: (i) Surplus Cash, (ii) Sale or Refinancing Transaction Proceeds, (iii) amounts in the funds and accounts held under this Subordinate Indenture (except the Rebate Fund) including any earnings thereon, (iv) proceeds of the Subordinate Mortgage, and (v) any other amounts contributed by the Borrower.

Basic Payments: the payments required by Section 4.2 of the Subordinate Loan Agreement.

Beneficial Owner: the Person for which a DTC Participant holds an interest in the Subordinate Bonds as shown on the books and records of the DTC Participant.

Bond Counsel: (a) Bickerstaff Heath Delgado Acosta LLP, or (b) another firm of national reputation experienced in the field of municipal bonds whose opinions are generally accepted by purchasers of municipal bonds, and is listed as municipal bond attorneys in the Bond Buyer's Municipal Marketplace and is acceptable to the Issuer.

Bond Fund: the fund so designated in Section 5.5 hereof, including the Current Interest Rate Account and the Accrual Interest Rate Account, from which the principal of and interest on the Subordinate Bonds are payable.

Bondholder or Holder: a Person in whose name a Subordinate Bond is registered in the Bond Register.

Bond Register: the register maintained by the Trustee pursuant to Section 2.9 hereof

Bond Registrar: has the meaning provided in Section 2.9 hereof.

Bond Year: any twelve (12) month period ending on the anniversary of the Date of Issuance.

Borrower: Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership, its successors and assigns or other Person which may assume its obligations under the Subordinate Loan Agreement.

Borrower Documents: collectively, the Subordinate Loan Agreement, the LPA, the Regulatory Agreement, the Subordinate Mortgage, the Continuing Disclosure Agreement, the Tax Certificate and each of the other agreements, certificates, contracts, or instruments to be executed by the Borrower in connection with the issuance of the Subordinate Bonds or the financing of a portion of the expenses associated with the Project.

Borrower Representative: any authorized general partner or class B limited partner of the Borrower and such additional Person or Persons, if any, duly designated by the Borrower in the LPA or another writing presented to the Trustee as an incumbency certificate to act on its behalf.

Business Day: any day on which the Trustee or the Federal Reserve Bank of New York is not authorized by law to close.

Cede & Co.: initially, Cede & Co., as nominee of DTC and any successor or subsequent such nominee designated by DTC respecting DTC's functions as book-entry depository for any Subordinate Bond or Bonds.

Closing Memorandum: the memorandum delineating the application of the proceeds of the Subordinate Loan and other moneys received by the Trustee on the Date of Issuance.

Code: the Internal Revenue Code of 1986, as amended, and all applicable Treasury Regulations.

Collateral Documents: collectively, the Guaranty, the Subordination Agreement, and any other written instrument other than the Subordinate Loan Agreement, the Subordinate Mortgage, and this Subordinate Indenture, whereby any property or interest in property of any kind is granted, pledged, conveyed, assigned, or transferred to the Issuer or Trustee, or both, as security for payment of the Subordinate Bonds or performance by the Borrower of its obligations under the Subordinate Loan Agreement.

Colliers: Colliers Securities LLC, a Delaware limited liability company.

Completion Date: the date the Borrower certifies the construction of the Project is complete pursuant to Section 3.7 of the Subordinate Loan Agreement.

Condemnation: the word “Condemnation” or phrase “eminent domain” as used herein shall include the taking or requisition by governmental authority or by a Person, acting under governmental authority and a conveyance made under threat of Condemnation, and “Condemnation award” shall mean payment for property condemned or conveyed under threat of Condemnation;

Construction Loan Agreement: the Construction Loan Agreement dated as of the date hereof by and between the Borrower and the Initial Funding Lender, as the same may be amended, modified or supplemented from time to time.

Continuing Disclosure Agreement: the Continuing Disclosure Agreement, dated as of October 1, 2024, between the Borrower and the Dissemination Agent, as may be amended from time to time.

Conversion: has the meaning assigned in the Construction Loan Agreement.

Costs of Issuance Fund: the fund so designated in Section 5.9 hereof from which the Issuance Expenses are payable.

County: Travis County, Texas

Current Interest Rate: 7.00% per annum.

Current Interest Rate Account: the account by such name created in the Bond Fund.

Current Interest Rate Amount: the amount of the interest on the Subordinate Bonds calculated at the Current Interest Rate.

Date of Issuance: October 29, 2024, which is the date on which there is delivery by the Issuer of and payment for the Subordinate Bonds.

Date of Taxability: the date as of which interest on the Subordinate Bonds is deemed taxable under a Determination of Taxability.

Default Rate: either the Current Interest Rate or the Accrual Interest Rate, as applicable, plus four percent (4.00%).

Defaulted Interest: interest (either the Current Interest Rate Amount or the Accrual Interest Rate Amount) on any Subordinate Bond which is then payable but which is not punctually paid or duly provided. The term Defaulted Interest does not include the Accrual Interest Rate Amount to the extent that such Accrual Interest Rate Amount is not then currently payable under the terms of the Subordinate Bonds and this Subordinate Indenture.

Deferred Developer Fee: all fees payable to the Developer by the Borrower pursuant to the LPA and the Development Services Agreement related to the Project between the Developer and the Borrower that were not paid at the time of issuance of the Subordinate Bonds.

Determination of Taxability: a determination that interest income on any Subordinate Bond is included in gross income for federal income tax purposes under Section 103 of the Code for any reason, other than that the Holder is a Substantial User of the Project or a Related Person thereto, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

- (i) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service has issued any private ruling, technical advice or any other written communication to the effect that the interest income on any of the Subordinate Bonds is included in gross income for federal income tax purposes; or
- (ii) the date on which the Borrower shall receive notice from the Trustee or the Issuer in writing that the Internal Revenue Service has issued a thirty (30) day letter or other notice which asserts that the interest on such Subordinate Bond is included in gross income for federal income tax purposes.

Developer: Manor Leased Housing Development I, LLC, a Minnesota limited liability company, its successors and assigns.

Discharge Date: the date on which all Outstanding Subordinate Bonds are discharged under Article 7 hereof.

Dissemination Agent: BOKF, NA, a national banking association, its successors and assigns.

DTC: The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or any successor book-entry securities depository for the Subordinate Bonds appointed pursuant to Section 2.13 hereof.

DTC Participants: those broker-dealers, banks and other financial institutions from time to time for which DTC holds bonds or securities as depository.

Event of Default: any of the events set forth in Section 8.1 hereof or Section 9.1 of the Subordinate Loan Agreement.

Extraordinary Trustee Fees and Expenses: means the expenses and disbursements payable to the Trustee under this Subordinate Indenture for services rendered and all reasonable expenses properly incurred by the Trustee or the Issuer under this Subordinate Indenture, the Subordinate Loan Agreement or any other document related to the financing, other than services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to this Subordinate Indenture, including extraordinary fees, costs and expenses incurred by the Trustee and the Trustee's counsel which are to be paid by the Borrower pursuant to the Subordinate Loan Agreement.

Federal Bankruptcy Code: the United States Bankruptcy Reform Act of 1978, as amended, or any similar or succeeding federal bankruptcy law.

Final Maturity Date: the Maturity Date, Discharge Date, or Redemption Date on which all Outstanding Subordinate Bonds either mature, are redeemed or discharged, whichever is earliest.

Fiscal Agent: BOKF, NA, a national banking association, acting as fiscal agent with respect to the Senior Note under the provisions of the Funding Loan Agreement.

Fiscal Year: the fiscal year of the Borrower as defined in the LPA.

Funding Loan Agreement: the Funding Loan Agreement, dated as of October ___, 2024, among the Initial Funding Lender, the Governmental Lender, and the Fiscal Agent, as it may be amended from time to time.

Funding Loan: the senior loan in the maximum aggregate principal amount of \$60,815,000 made to the Issuer pursuant to the Funding Loan Agreement by the Initial Funding Lender.

Government Obligations: SLGS and any other direct general obligations of, or obligations the prompt payment of the principal of and the interest on which are fully and unconditionally guaranteed by, the United States of America.

Guarantor: Dominion Holdings II, LLC, a Minnesota limited liability company, its successors and assigns allowable under the terms of the Guaranty and the Subordinate Loan Agreement.

Guaranty: the Guaranty Agreement, dated as of October ___, 2024 from the Guarantor in favor of the Trustee, as it may be amended from time to time.

Holder or Bondholder: the Person who is the beneficial owner of such Subordinate Bond regardless of the name a Subordinate Bond is registered in the Bond Register.

Indemnified Parties: collectively, the Issuer Indemnified Parties and the Trustee Indemnified Parties.

Independent: when used with reference to an attorney, engineer, architect, certified public accountant, consultant or other professional person, means a person who (a) is in fact independent; (b) does not have any material financial interest in the Borrower or the transaction to which his or her certificate or opinion relates (other than payment to be received for professional services rendered); (c) is not connected with the Issuer or the Borrower as an officer, director or employee; and (d) has not been determined to be a Substantial User of the Project for purposes of the Code.

Independent Accountant: a certified public accountant or firm of certified public accountants registered and qualified to practice as such under the laws of the State, who does not have any direct financial interest in the Borrower, other than the payment to be received under contract for services performed and who is not connected with the Borrower as an officer, employee, underwriter, partner, affiliate, subsidiary, or person performing similar functions and is not a trustee or director of the Borrower.

Independent Counsel: any attorney duly admitted to practice law before the highest court of any state, who may not be counsel for the Borrower or the Guarantor or be an officer or a full-time employee of the Borrower or the Guarantor.

Independent Engineer: an Independent engineer or engineering firm or an Independent architect or architectural firm qualified to practice the profession of engineering or architecture under the laws of the State.

Institutional Accredited Investor: an “accredited investor” as defined in Section 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the Securities Act of 1933, as amended.

Interest Rate: collectively, the Current Interest Rate and the Accrual Interest Rate.

Initial Funding Lender: JLL Real Estate Capital, LLC, a Delaware limited liability company, as initial funding lender under the Funding Loan Agreement with respect to the Senior Note, their successors and assigns.

Initial Purchaser: [], a[], as initial purchaser of the Subordinate Bonds, their successors and assigns.

Interest Payment Date: (i) with respect to the Current Interest Rate, the 1st day of each month, commencing [December]1, 2024 and continuing until payment in full of the Subordinate Bonds, and (ii) with respect to the Accrual Interest Rate, each Accrual Interest Rate Payment Date and continuing until payment in full of the Subordinate Bonds.

Interest Rate Amount: collectively, the Current Interest Rate Amount and the Accrual Interest Rate Amount.

Issuance Expenses: any and all costs and expenses relating to the issuance, sale and delivery of the Subordinate Bonds incurred or payable by the Borrower, including but not limited to underwriter’s discount, all fees and expenses of legal counsel, the Trustee, financial consultants, feasibility consultants and accountants, the Issuer Fee, the preparation and printing of the Subordinate Loan Agreement, this Subordinate Indenture, the Subordinate Mortgage, any limited offering memorandum, the Subordinate Bonds and all other related closing documents, the costs of rating the Subordinate Bonds, and all other expenses relating to the issuance, sale and delivery of the Subordinate Bonds and any other costs which are treated as “issuance costs” within the meaning of Section 147(g) of the Code.

Issuer: the Manor Housing Public Facility Corporation, a nonprofit corporation designated as a political subdivision of the State in accordance with the provisions of the Constitution and laws of the State and under the Act, and its successors and assigns.

Issuer Documents: collectively, this Subordinate Indenture, the Subordinate Loan Agreement, the Placement Agent Agreement, the Regulatory Agreement, and the Tax Certificate.

Issuer Fee: the one-time upfront administrative fee to be paid to the Issuer on or before the Date of Issuance.

Issuer Fees and Expenses: collectively, (i) the Issuer Fee and (ii) any other fees, charges, costs, advances, indemnities and expenses (including attorneys’ fees and expenses), whether out-of-pocket or internal, that may be incurred at any time by the Issuer hereunder or under or in connection with the Issuer Documents or the Subordinate Loan Documents or the Subordinate Bonds, or in connection with questions or other matters arising under such documents or in connection with any federal or state tax audit, or otherwise in connection with the Subordinate Bonds or the Project, plus any Issuer Late Fees incurred with respect to any of the foregoing.

Issuer Indemnified Party or Issuer Indemnified Parties: the Issuer, its past, present, and future directors, members, officers, program managers, counsel, advisors, employees, agents, contractors, consultants and executive director, its past, present, and future directors, members, officers, program managers, counsel, advisors, employees, agents, contractors, consultants and executive director, individually and collectively, and the State.

Issuer Late Fees: ten percent (10%) of any amount due to the Issuer that is received by the Issuer more than fifteen (15) calendar days after the due date.

Issuer Representative: the President of the Issuer, the Executive Director of the Issuer, any other then-authorized signatory of the Issuer, or such additional Person or Persons, if any, duly designated by the Issuer in writing to act on its behalf.

Issuer's Unassigned Rights: collectively, the rights of the Issuer set forth in the Subordinate Indenture and the Subordinate Loan Agreement to (a) inspect books and records, (b) give or receive notices, approvals, consents, requests, and other communications, (c) receive payment or reimbursement for expenses, (d) receive payment of its Issuer Fee and Issuer Fees and Expenses (including Issuer Late Fees, if any), including but not limited to certain direct payments to be made to the Issuer pursuant to Sections 3.2, 4.4, 7.4, 9.5, 10.8, 10.12, 10.13, and 10.14 of the Subordinate Loan Agreement, (e) the benefit of all provisions providing the Issuer immunity from, and limitation of, liability, (f) indemnification from liability by the Borrower and Guarantor, and (g) security for the Borrower's and Guarantor's indemnification obligation.

Liabilities: any and all causes of action (whether in contract, tort or otherwise), claims, actions, damages (including, but not limited to, consequential and punitive damages), demands, judgments, liabilities, losses, suits, costs and expenses (including, without limitation, costs of investigation, attorneys' fees and expenses, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) of every kind, character and nature whatsoever.

Limited Offering Memorandum: the Limited Offering Memorandum, dated October 22, 2024, prepared with respect to the Subordinate Bonds, and any amendments or supplements thereto.

LPA or Limited Partnership Agreement: that certain Amended and Restated Agreement of Limited Partnership of the Borrower, dated as of the Date of Issuance, as the same may be amended or supplemented from time to time.

Mandatory Redemption Payments: the payments which are required to be made under Section 3.1(2) hereof to redeem the Subordinate Bonds in accordance with the Mandatory Redemption Schedule after appropriate credits, if any, have been made.

Mandatory Redemption Schedule: the mandatory redemption schedule for the Subordinate Bonds set forth in Section 3.1(2) hereof.

Maturity or Maturity Date: any date on which principal of or interest or premium, if any, on the Subordinate Bonds is due, whether at maturity, on a scheduled Principal Payment Date, or upon redemption, defeasance, acceleration, or otherwise.

Moody's: Moody's Investors Service, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, "Moody's" shall be deemed

to refer to any other nationally recognized municipal securities rating agency designated by the Borrower (other than S&P).

Mortgaged Property: has the meaning assigned in the Subordinate Mortgage.

MSRB: the Municipal Securities Rulemaking Board or any successor thereto.

Net Bond Proceeds: proceeds of the Obligations, including interest earnings thereon.

Net Proceeds: when used with respect to proceeds of insurance or a condemnation award, money received or receivable by the Borrower as owner or the Trustee as secured party of the Project, less the cost of recovery (including attorneys' fees) of such money from the insuring company or the condemning authority.

Notice by Mail: notice of any action or condition by mail shall mean a written notice meeting the requirements of this Subordinate Indenture mailed by first-class mail, postage prepaid, to the Holders of specified Bonds at the addresses shown in the Bond Register.

Obligations: collectively, the Subordinate Bonds and the Senior Note.

Ordinary Trustee Fees and Expenses: amounts due to the Trustee for those services normally rendered, and those expenses normally incurred, by a trustee under instruments similar to this Subordinate Indenture incurred in connection with its duties under this Subordinate Indenture, [and for its duties as Dissemination Agent,] including, but not limited to (i) the annual administrative fee of the Trustee payable annually in advance on the Date of Issuance and on each [October 1] thereafter while the Bonds are outstanding in an annual amount equal to \$[____], and (ii) the acceptance fee of the Trustee of \$[____] payable on the Date of Issuance. In addition, all amounts due to the Trustee for Extraordinary Services and all Extraordinary Expenses of the Trustee will be paid directly by the Borrower pursuant to the Subordinate Loan Agreement.

Outstanding: as of the date of determination, all Subordinate Bonds theretofore issued and delivered under this Subordinate Indenture except:

(i) Subordinate Bonds theretofore cancelled by the Trustee or Paying Agent or delivered to the Trustee or Paying Agent cancelled or for cancellation;

(ii) Subordinate Bonds for which payment or redemption money or securities (as provided in Article 7 hereof) shall have been theretofore deposited with the Trustee in trust for the Holders of such Subordinate Bonds, provided, however, that if such Subordinate Bonds are to be redeemed, notice of such redemption shall have been duly given pursuant to this Subordinate Indenture or irrevocable action shall have been taken to call such Subordinate Bonds for redemption at a stated Redemption Date; and

(iii) Subordinate Bonds in exchange for or in lieu of which other Subordinate Bonds shall have been issued and delivered pursuant to this Subordinate Indenture;

provided, however, that in determining whether the Holders of the requisite principal amount of Outstanding Subordinate Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Borrower shall be disregarded and deemed not to be Outstanding Subordinate Bonds, except that in determining whether the Trustee shall be protected in relying upon any

such request, demand, authorization, direction, notice, consent, or waiver, only Subordinate Bonds which the Trustee actually knows to be owned by the Borrower shall be disregarded.

Paying Agent: the Trustee or any other entity designated pursuant to this Subordinate Indenture as the agent of the Issuer and the Trustee to receive and disburse the principal of and premium, if any, and interest on the Subordinate Bonds.

Payment Date: any Interest Payment Date, any Principal Payment Date, any Stated Maturity, the Discharge Date or any Redemption Date.

Permitted Encumbrances: has the meaning assigned to “Permitted Exceptions” in the Construction Loan Agreement.

Permitted Investments:

- (i) Government Obligations;
- (ii) obligations of any of the following federal agencies which obligations represent full faith and credit of the United States of America, including:
 - Export-Import Bank
 - Farmers Home Administration
 - General Services Administration
 - U.S. Maritime Administration
 - Small Business Administration
 - Government National Mortgage Association (GNMA)
 - U.S. Department of Housing & Urban Development (PHA’s)
 - Federal Housing Administration;
- (iii) bonds, notes or other evidences of indebtedness rated at the time of investment “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;
- (iv) U.S. dollar denominated deposit accounts, including certificates of deposit, federal funds and banker’s acceptances with domestic commercial banks which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than three hundred sixty (360) days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);
- (v) commercial paper which is rated at the time of purchase in the single highest classification, “A-1+” by Standard & Poor’s and “P-1” by Moody’s and which matures not more than two hundred seventy (270) days after the date of purchase;
- (vi) investments in a money market fund rated at the time of investment “AAAm” or “AAAm-G” or better by S&P;

(vii) Pre-refunded municipal obligations defined as follows: Any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which are not callable at the option of the obligor prior to maturity or as to which irrevocable instructions have been given by the obligor to call on the date specified in the notice; and

(a) which are rated at the time of investment, based on an irrevocable escrow account or fund (the “escrow”), in the highest rating category of S&P and Moody’s; or

(b) (1) which are fully secured as to principal and interest and redemption premium, if any, by an escrow consisting only of cash or obligations described in clause (i) above, which escrow may be applied only to the payment of such principal of and interest and redemption premium, if any, on such Subordinate Bonds or other obligations on the maturity date or dates thereof or the specified redemption date or dates pursuant to such irrevocable instructions, as appropriate, and (2) which escrow is sufficient, as verified by a nationally recognized independent certified public accountant, to pay principal of and interest and redemption premium, if any, on the Subordinate Bonds or other obligations described in this paragraph on the maturity date or dates specified in the irrevocable instructions referred to above, as appropriate; and

(ix) fixed income securities issued by any state of the United States of America or any agency, instrumentality or political subdivision thereof which are rated at the time of investment not less than “A” by S&P or “A2” by Moody’s.

Person: any natural person, corporation, limited liability company, joint venture, cooperative, partnership, trust or unincorporated organization, government or governmental body or agency, political subdivision or other legal entity, as in the context may be appropriate.

Placement Agent Agreement: the Placement Agent Agreement, dated [], 2024, by and among the Issuer, the Borrower, Colliers, and the Initial Purchaser, pursuant to which Colliers will arrange for the direct placement of the Subordinate Bonds with the Initial Purchaser, as amended from time to time.

Principal and Interest Requirements: for any Fiscal Year, the sum of the principal and interest requirement on Outstanding Subordinate Bonds.

Principal Payment Date: May 1 each year, commencing May 1, 2055.

Project: collectively, the land and residential rental apartment units, and related fixtures, equipment, furnishings and site improvements to be known as “Tower Road Apartments” to be located at or near 12100 Tower Road, Manor, Texas in Travis County, Texas, including the real estate described in the Subordinate Mortgage.

Project Costs: the cost items enumerated in Section 3.2 of the Subordinate Loan Agreement.

Project Fund: the fund so designated in Section 5.4 hereof from which the Project Costs are payable.

Project Loan: together, (i) the Senior Loan plus (ii) any Supplemental Loan.

Project Loan Agreement: the Project Loan Agreement, dated as of October __, 2024, among the Governmental Lender, the Fiscal Agent, and the Borrower, as it may be amended from time to time.

Project Premises: the real estate generally located at 12100 Tower Road, Manor Texas 78653, and legally described in Exhibit A attached to the Subordinate Mortgage, together with all additions to, replacements of and substitutions for the foregoing, but excluding any real estate released from the lien of the Subordinate Mortgage pursuant to the terms of the Subordinate Mortgage.

Qualified Institutional Buyer: a “qualified institutional buyer” as defined under Rule 144A of the Securities Act of 1933, as amended.

Rating Agency: S&P or Moody’s.

Rating Category: one of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such Rating Category by a numerical or other modifier.

Rebatable Arbitrage: has the meaning provided in Section 5.7 hereof.

Rebate Amounts: the amount determined pursuant to Section 7.7(12) of the Subordinate Loan Agreement to be rebated to the United States.

Rebate Analyst: a certified public accountant, financial analyst or bond counsel, or any firm of the foregoing, or financial institution (which may include the Trustee) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Issuer, to make the rebate computations required under this Subordinate Indenture and the Subordinate Loan Agreement. The initial Rebate Analyst shall be Hilltop Securities Inc.

Rebate Fund: the fund so designated in Section 5.7 hereof.

Record Date: the fifteenth (15th) day of the calendar month next preceding an Interest Payment Date, whether or not such day is a Business Day.

Redemption Date: when used with respect to any Subordinate Bond to be redeemed, the date on which it is to be redeemed pursuant hereto.

Redemption Price: when used with respect to any Subordinate Bond to be redeemed, the price at which it is to be redeemed pursuant hereto.

Regular Interest Payments: all interest payments on the Subordinate Bonds, other than Special Interest Payments.

Regulatory Agreement: the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October __, 2024, among the Issuer, the Borrower, the Fiscal Agent, and the Trustee, as the same may be amended from time to time.

Related Person: with reference to any Substantial User, means a “related person” within the meaning of Section 147(a)(2) of the Code.

Representation Letter: such Letter of Representations to DTC or other documentation required by DTC as a condition to its acting as book-entry depository for any bond or bonds together with any replacement thereof or amendment or supplement thereto (and including any standard procedures or policies referenced therein or applicable thereto) respecting the procedures and other matters relating to DTC’s role as book-entry depository for the Subordinate Bonds.

Responsible Officer: when used with respect to the Trustee, any officer within the corporate trust department of the Trustee, including any vice president, assistant vice president, assistant secretary, assistant treasurer, trust officer or any other officer of the Trustee who customarily performs functions similar to those performed by the persons who at the time shall be such officers, respectively, or to whom any corporate trust matter is referred because of such person's knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Subordinate Indenture.

Sale or Refinancing Transaction Proceeds: amounts payable on the Subordinate Bonds from the sale of the Project or the refinancing of the Senior Note/.

Securities Act: Securities Act of 1933, as amended.

Senior Loan: the senior loan of the proceeds of the Senior Note by the Issuer to the Borrower pursuant to the Project Loan Agreement.

Senior Loan Documents: all instruments and documents evidencing or securing the Senior Note, including but not limited to the Funding Loan Agreement, the Project Loan Agreement, the Security Instrument, and any and all other related documents, including any amendments and supplements thereto.

Senior Mortgage: a Construction Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, dated as of October __, 2024, by the Borrower, granting a first priority leasehold mortgage and security interest in the Project to the Fiscal Agent to secure the repayment of the Senior Loan and related obligations, as the same may be amended, supplemented or restated.

Senior Note: the Multifamily Housing Revenue Note (Tower Road Apartments), Series 2024, issued by the Issuer pursuant to the Funding Loan Agreement in the maximum principal amount of 60,815,000 along with any promissory note delivered by the Borrower in connection with a Supplemental Loan, provided that the aggregate maximum amount secured under both notes at Conversion, collectively, is not more than \$ 60,815,000.

Single Purpose Entity: a Person, other than an individual, which is formed or organized solely for the purpose of directly holding an ownership interest in the Project, does not engage in any business unrelated to the Project, does not have any assets other than those related to its interest in such Project, has its own separate books and records and has its own accounts, in each case which are separate and apart from the books and records and accounts of any other Person, and holds itself out as being a Person, separate and apart from any other Person. In addition to the foregoing, with respect to the Borrower, a Single Purpose Entity shall also be as follows:

(i) a Person which is and at all times since its formation has been (a) a duly formed and existing Person which is either not treated as a taxpayer under the tax laws of any governmental authority or (i) treated as a taxpayer under any tax law of any governmental authority and (ii) has tax liability which is adequately provided for, and, (b) duly qualified as a foreign Person in each jurisdiction in which such qualification was or may be necessary for the conduct of its business;

(ii) a Person which is in compliance with, and at all times since its formation has complied with, the provisions of its organizational documents and the laws of its jurisdiction of formation;

(iii) a Person which has at all times since its formation observed all customary formalities regarding its existence;

(iv) a Person which (a) has at all times since its formation accurately maintained its financial statements, accounting records and other books and records separate from those of any Person, (b) has not at any time since its formation commingled its assets with those of any Person and (c) has at all times since its formation accurately maintained its own bank accounts, payroll and separate books of account;

(v) a Person which has at all times since its formation paid its own liabilities from its own separate assets or, if paid by another, provided for reimbursement thereof;

(vi) a Person which (a) has at all times since its formation identified itself in all dealings with the public, under its own name or under any “doing business as” name (provided such “doing business as” name is used exclusively by such Person) and as a separate and distinct entity and (b) has not at any time since its formation identified itself as being a division or a part of any other entity and (c) has not at any time since its formation identified any other Person as being a division or part of such Person;

(vii) a Person which has been at all times since its formation adequately capitalized in light of the nature of its business;

(viii) a Person which, except with respect to obligations and liabilities set forth in the Subordinate Loan Agreement, the Subordinate Mortgage, and the Collateral Documents, has not at any time since its formation incurred, assumed or guaranteed any indebtedness (contingent or otherwise) or the liabilities of any Person or has not at any time since its formation acquired obligations or securities of any Person or has not at any time since its formation made loans or advances to any Person; and

(ix) a Person which has not at any time since its formation entered into and was not a party to any transaction with any affiliate, except in the ordinary course of business of such Person on terms which are no less favorable to such Person than would be obtained in a comparable arm’s-length transaction with an unrelated third party.

SLGS: United States Treasury Certificates of Indebtedness, Notes and Bonds – State and Local Government Series.

S&P: S&P Global Ratings, its successors and their assigns, and if such entity shall be dissolved or liquidated or shall no longer perform the functions of a municipal securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized municipal securities rating agency designated by the Borrower (other than Moody’s).

Special Interest Payments: all payments of (or with respect to) interest on the Subordinate Bonds made upon the acceleration of the Subordinate Bonds pursuant to Section 8.2 hereof.

Special Record Date: the date fixed by the Trustee pursuant to Section 2.2 hereof relating to the payment of any Defaulted Interest.

State: the State of Texas.

Stated Maturity: when used with respect to any Subordinate Bond or any installment of interest thereon, the date specified in such Subordinate Bond as the fixed date on which principal of such Subordinate Bond or such installment of interest is due and payable.

Subordinate Bonds: the Issuer’s Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, issued by the Issuer in the original aggregate principal amount of \$4,000,000 pursuant to this Subordinate Indenture.

Subordinate Indenture: this Subordinate Indenture of Trust, dated as of October 1, 2024, between the Issuer and the Trustee, as the same may from time to time be amended or supplemented as herein provided.

Subordinate Loan: the subordinate loan of the proceeds of the Subordinate Bonds by the Issuer to the Borrower pursuant to Section 4.1 of the Subordinate Loan Agreement.

Subordinate Loan Agreement: the Subordinate Loan Agreement, dated as of October 1, 2024 between the Issuer and the Borrower, as the same may from time to time be amended.

Subordinate Loan Documents: collectively, the Subordinate Loan Agreement, the Subordinate Mortgage, and the Collateral Documents.

Subordinate Mortgage: the Subordinate Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated as of October ____, 2024, by the Borrower in favor of the Trustee.

Subordination Agreement: the Subordination Agreement, dated the Date of Issuance, between the Fiscal Agent and the Trustee and consented to by the Borrower, as it may be amended from time to time.

Substantial User: a “substantial user” within the meaning of Section 147(a)(1) of the Code.

Surplus Cash: seventy-five percent (75%) of, with respect to any period, the cash available for distribution in accordance with Section [8.1] of the LPA to pay the Current Interest Rate Amount, Accrual Interest Rate Amount and principal on the Subordinate Bonds

Tax Certificate: the Tax Compliance Certificate executed by the Borrower and the Issuer on the Date of Issuance.

Term of Loan Agreement: the period of time commencing on the date of execution of the Subordinate Loan Agreement and terminating on the date set forth in Section 10.10 of the Subordinate Loan Agreement or such earlier date as provided by Section 7.8 or 8.4 of the Subordinate Loan Agreement.

Title: Commercial Partners Title, a Division of Chicago Title Insurance Company, its successors and assigns.

Treasury Regulations: the regulations promulgated under the Code.

Trust Estate: the Trust Estate as defined and set forth in the Granting Clauses hereof.

Trustee: BOKF, NA, a national banking association, and any co-trustee or successor trustee appointed, qualified and then acting as such under the provisions of this Subordinate Indenture.

Trustee Indemnified Party or Trustee Indemnified Parties: the Trustee, Fiscal Agent, Dissemination Agent, Authenticating Agent, Paying Agent and Registrar and their past, present, and future directors, officers, employees and agents.

Unpaid Bonds: all Outstanding Subordinate Bonds and any other Subordinate Bonds which have neither matured nor been redeemed or purchased and cancelled under this Subordinate Indenture.

Working Capital Expense: any cost that is not properly chargeable to the Project's capital account within the meaning of the Code.

Section 1.2. Rules of Interpretation. This Subordinate Indenture shall be interpreted in accordance with and governed by the laws of the State.

The words "herein," "hereof," and "hereunder" and words of similar import, without reference to any particular section or subdivision, refer to this Subordinate Indenture as a whole rather than to any particular section or subdivision of this Subordinate Indenture.

References in this Subordinate Indenture to any particular article, section or subdivision hereof are to the designated article, section or subdivision of this Subordinate Indenture as originally executed.

All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

The Table of Contents and titles of articles and sections herein are for convenience only and are not a part of this Subordinate Indenture.

Unless the context hereof clearly requires otherwise, the singular shall include the plural and vice versa and the masculine shall include the feminine and vice versa.

Articles, sections, subsections and clauses mentioned by number only are those so numbered which are contained in this Subordinate Indenture.

For purposes of this Subordinate Indenture and the Subordinate Loan Agreement, an Act of Bankruptcy shall be deemed no longer pending if the petition is dismissed by order of a court of competent jurisdiction and no further appeal rights exist from such order.

Any opinion of counsel called for herein shall be a written opinion of such counsel.

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

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ARTICLE 2

THE SUBORDINATE BONDS

Section 2.1. Special Obligations and Sources of Payment; Authorized Amount and Form of Bonds.

The Subordinate Bonds are special, limited obligations of the Issuer, the principal of, premium, if any, and interest on which are payable solely from the Trust Estate, but if such amounts are not sufficient, the Borrower shall make such payments solely from Available Revenue.

(1) Subordinate Bonds secured by this Subordinate Indenture shall be issued in fully registered form, without coupons, in any Authorized Denominations, in substantially the form set forth in EXHIBIT A attached hereto with such appropriate variations, omissions and insertions as are permitted or required by this Subordinate Indenture, and in accordance with the further provisions of this Article 2. The total principal amount of the Subordinate Bonds that may be outstanding hereunder is expressly limited to \$4,000,000.

Section 2.2. Initial Issue. The Subordinate Bonds to be issued and secured under this Subordinate Indenture shall be designated the “Manor Housing Public Facility Corporation Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024” and shall:

- (1) be initially issued in the original aggregate principal amount of \$4,000,000;
- (2) be dated as of their date of original issuance, or the date of their registration as provided in Section 2.9 hereof;
- (3) be issued and delivered to or at the direction of Colliers as fully registered bonds without coupons in any Authorized Denomination and shall be numbered R-1 upward;
- (4) be subject to the provisions of Section 3.1 hereof, and shall mature, unless sooner paid, on May 1, 2064, on which date all unpaid principal of and interest on the Subordinate Bonds shall be due and payable;
- (5) bear interest at the Interest Rate payable as provided in Section 2.14 and continuing until payment in full of the Subordinate Bonds;
- (6) be subject to redemption upon the terms and conditions and at the prices specified in Article 3 hereof;
- (7) be payable in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts, at the designated trust office of the Trustee acting as the Paying Agent, or a duly appointed successor Paying Agent, except that interest on the Subordinate Bonds will be payable by check or draft mailed by the Trustee to the Holders of such Subordinate Bonds on the applicable Record Date (the “Record Date Holders”) at the last addresses thereof as shown in the Bond Register on the applicable Record Date, and principal of and any premium on any Subordinate Bonds shall be payable at the principal office of the Trustee, provided that any Defaulted Interest shall be payable, on a date selected by the Trustee, to the Person in whose name such Subordinate Bond is registered in the Bond Register at the close of business on a Special Record Date selected by the Trustee and which shall be at least ten (10) days but not more than thirty (30) days before the date selected by the Trustee for payment of such Defaulted Interest; the Trustee shall give Notice by Mail of the Special

Record Date and date for payment of Defaulted Interest at least ten (10) days before the Special Record Date; and

(8) notwithstanding the foregoing, if the date for payment of the principal of, premium, if any, or interest on any Subordinate Bond shall be a day which is not a Business Day, then the date for such payment shall be the next succeeding day which is a Business Day, and payment on such later date shall have the same force and effect as if made on the nominal date of payment.

Notwithstanding the foregoing, any Record Holder of at least \$500,000 in principal amount of the Outstanding Subordinate Bonds may file with the Trustee an instrument satisfactory to the Trustee requesting the interest payable by the Trustee to such Holder be paid by transferring by wire transfer in immediately available funds, on the day such payment is due, the amount to be distributed to such Holder to a designated account maintained by such Holder at any bank in the United States. The Trustee shall pay all amounts payable by the Trustee hereunder to such Holder by transfer directly to said designated bank in accordance with the provisions of any such instrument, provided that if such amount represents a payment of the principal of any Subordinate Bond, such Subordinate Bond shall have been presented to the Trustee, except in connection with redemptions pursuant to 3.1(2) hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Subordinate Bonds.

Section 2.3. Execution. The Subordinate Bonds shall be executed on behalf of the Issuer with the manual or facsimile signature of an Issuer Representative. The signature of such Issuer Representative may be mechanically or photographically reproduced on the Subordinate Bonds. If any Issuer Representative whose signature appears on any Subordinate Bond ceases to be an Issuer Representative before delivery thereof, such signature shall remain valid and sufficient for all purposes as if such Issuer Representative had remained an Issuer Representative until such delivery.

Section 2.4. Authentication. No Subordinate Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit under this Subordinate Indenture unless a certificate of authentication signed by the Trustee (the "Certificate of Authentication") on such Subordinate Bond, substantially in the form attached hereto as EXHIBIT A, shall have been duly executed manually by a Responsible Officer. Certificates of Authentication on different Subordinate Bonds need not be signed by the same person. The Trustee shall authenticate the signatures of officers of the Issuer on each Subordinate Bond by execution of the Certificate of Authentication on the Subordinate Bond, and the executed Certificate of Authentication on each Subordinate Bond shall be conclusive evidence that it has been authenticated and delivered under this Subordinate Indenture.

Section 2.5. Delivery of Initial Issue. Upon the execution and delivery of this Subordinate Indenture the Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate, the Subordinate Bonds in the original aggregate amount of \$4,000,000 and hold the Subordinate Bonds in its custody pursuant to the DTC FAST system, as hereinafter provided after filing with the Trustee the following:

(1) copies of the executed counterparts of the Subordinate Bonds, the LPA, the Subordinate Loan Agreement, the Subordinate Mortgage, the Regulatory Agreement, the Guaranty, the Subordination Agreement, the Continuing Disclosure Agreement, and this Subordinate Indenture;

(2) a copy of the resolution adopted and approved by the Board of Directors of the Issuer, authorizing the execution and delivery of the Issuer Documents;

(3) a copy of the request and authorization (which may be part of a certificate of the Issuer) to the Trustee by the Issuer to authenticate and hold the Subordinate Bonds in the custody of the Trustee pursuant to the DTC FAST system;

(4) a copy of the opinion of the Borrower's counsel in the form required by Bond Counsel and counsel to Colliers, which condition shall be deemed met upon delivery of the opinion of Bond Counsel required under subsection (5) below;

(5) a copy of the opinion of Bond Counsel approving the validity and tax-exempt status of the Subordinate Bonds issued pursuant to this Subordinate Indenture;

(6) [a copy of the investor letter in substantially the form attached to the Limited Offering Memorandum as Appendix F]; and

(7) any other documents or opinions as Bond Counsel may require for purposes of rendering its opinion required under subsection (5) above, which condition shall be deemed met upon delivery of such opinion of Bond Counsel.

Section 2.6. Mutilated, Lost, Stolen or Destroyed Subordinate Bonds.

(1) In case any Subordinate Bond issued hereunder shall become mutilated or be destroyed or lost, the Issuer shall, if not then prohibited by law, cause to be executed, and the Trustee shall authenticate and deliver, a new Subordinate Bond of like series, amount, maturity date and tenor in exchange and substitution for and upon cancellation of any such mutilated Subordinate Bond, or in lieu of and in substitution for any such Subordinate Bond destroyed or lost, upon the Holder's paying the reasonable expenses and charges of the Trustee and Issuer and, in the case of a Subordinate Bond destroyed or lost, the filing with the Trustee evidence satisfactory to the Trustee that such Subordinate Bond was destroyed or lost, and of the ownership thereof, and furnishing the Issuer and the Trustee with indemnity satisfactory to them. If the mutilated, destroyed or lost Subordinate Bond has already matured or been called for redemption in accordance with its terms, it shall not be necessary to issue a new Subordinate Bond prior to payment.

(2) In executing a new Subordinate Bond and in furnishing the Trustee with the written authorization to authenticate and deliver a new Subordinate Bond as provided for in this Section, the Issuer may rely conclusively on a representation of the Trustee that the Trustee is satisfied with the adequacy of the evidence presented concerning the mutilation, loss, theft or destruction of any Subordinate Bond.

Section 2.7. Ownership of Subordinate Bonds. The Issuer, Trustee and Paying Agent may deem and treat the Holder of any Subordinate Bond, whether or not such Subordinate Bond shall be overdue, as the absolute owner of such Subordinate Bond for the purpose of receiving payment thereof and for all other purposes whatsoever, and the Issuer (or any agent thereof), Trustee and Paying Agent shall not be affected by any notice to the contrary.

Section 2.8. Preparation of Subordinate Bonds. The Subordinate Bonds shall be printed or typewritten bonds substantially in the form attached hereto as EXHIBIT A.

Section 2.9. Registration, Transfer and Exchange of Subordinate Bonds.

(1) The Trustee shall, at the expense of the Borrower, cause to be kept at the designated corporate trust office of the Trustee a Bond Register in which, subject to such reasonable regulations as the Trustee may prescribe, and the Trustee is hereby appointed "Bond Registrar" for the purpose of registering

the Subordinate Bonds and transfers of the Subordinate Bonds as herein provided. The Bond Register shall contain a record of every Subordinate Bond at any time authenticated hereunder, together with the name and address of the Holder thereof, the date of authentication, the date of transfer or payment, and such other matters as are appropriate for the Bond Register in the estimation of the Trustee.

(2) The Subordinate Bonds may only be transferred, in whole or in part, (i) to an Approved Transferee.

(3) Upon surrender for transfer of any Subordinate Bond at the designated corporate trust office of the Trustee, the Issuer shall execute (if necessary, and at the sole cost and expense of the Borrower), and the Trustee shall authenticate and deliver, in the name of the designated transferee or transferees (but not registered in blank or to “bearer” or a similar designation), one or more new Subordinate Bonds of any Authorized Denomination, having the same Stated Maturity and interest rate, as requested by the transferor. The execution by the Issuer of any Subordinate Bond of any denomination shall constitute full and due authorization of such denomination and the Trustee shall thereby be authorized to authenticate and deliver such Subordinate Bond.

(4) At the option of the Holder, Subordinate Bonds may be exchanged for other Subordinate Bonds of the same series of any Authorized Denomination of a like aggregate principal amount and Stated Maturity, upon surrender of the Subordinate Bonds to be exchanged at the designated corporate trust office of the Trustee, and upon payment, if the Issuer shall so require, of the taxes, if any, hereinafter referred to. Whenever any Subordinate Bonds are so surrendered for exchange, the Issuer shall execute (at the sole cost and expense of the Borrower), and the Trustee shall authenticate and deliver, the Subordinate Bonds which the Holder making the exchange is entitled to receive.

(5) All Subordinate Bonds surrendered upon any exchange or transfer provided for in this Subordinate Indenture shall be promptly cancelled by the Trustee and thereafter disposed of in accordance with the Trustee’s policies and procedures.

(6) All Subordinate Bonds delivered in exchange for or upon transfer of Subordinate Bonds shall be valid special obligations of the Issuer evidencing the same debt, and entitled to the same benefits under this Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, and any Collateral Document, as the Subordinate Bonds surrendered for such exchange or transfer.

(7) Transfer of a Subordinate Bond may be made on the Bond Registrar’s books by the registered owner in person or by the registered owner’s attorney duly authorized in writing. Every Subordinate Bond presented or surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument or instruments of transfer, in the form printed on the Subordinate Bond or in another form satisfactory to the Trustee, duly executed and with guaranty of signature of the Holder thereof or such Holder’s attorney duly authorized in writing and shall include written instructions as to the details of the transfer of the Subordinate Bond.

(8) No service charge shall be made to the Holder for any registration, transfer or exchange, but the Trustee may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of Subordinate Bonds, other than exchanges expressly provided in this Subordinate Indenture to be made without expense or without charge to Bondholders.

(9) Subject to the provisions of subsection (9) below, the Trustee as Bond Registrar shall endeavor to comply with rules applicable to transfer agents registered with the Securities and Exchange

Commission as to the seventy-two (72) hour “turnaround” standard established for the transfer of registered corporate securities.

(10) The Trustee shall not be required (i) to transfer or exchange any Subordinate Bond during a period beginning at the opening of business ten (10) days before the day of the first publication or the mailing (if there is no publication) of a notice of redemption of Subordinate Bonds under this Subordinate Indenture and ending at the close of business on the day of such publication or mailing, or (ii) to transfer or exchange any Subordinate Bond so selected for redemption in whole or in part.

(11) The Bond Registrar shall insert in each Subordinate Bond the date of registration which, for purposes of delivering the original Subordinate Bonds to or at the direction of Colliers, shall be the date of original issue, and which for all other events shall be the last Interest Payment Date preceding the date of authentication to which interest on the Subordinate Bond has been paid or made available for payment, unless the date of authentication is an interest payment date to which interest has been paid or made available for payment, in which case the Subordinate Bond shall be dated as of the date of authentication. Each Subordinate Bond shall be so dated that neither gain nor loss in interest shall result from any transfers, exchange or substitution provided for herein.

Section 2.10. Interest Rights Preserved. Each Subordinate Bond delivered upon transfer of or in exchange for or in lieu of any other Subordinate Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Subordinate Bond.

Section 2.11. Cancellation of Subordinate Bonds. Whenever any Outstanding Subordinate Bond shall be delivered to the Trustee for cancellation pursuant to this Subordinate Indenture, upon payment of the principal amount and interest represented thereby or for replacement pursuant to Section 2.6 hereof or transfer pursuant to Section 2.9 hereof, such Subordinate Bond shall be cancelled and, subject to the Trustee’s business practices, destroyed by the Trustee.

Section 2.12. Book-Entry System. On the date of issuance of the Subordinate Bonds, the Subordinate Bond will be registered in the Bond Register in the name of Cede & Co., as the nominee of DTC, who will thereafter act as securities depository for such Subordinate Bond or Subordinate Bonds and held in its custody or in the custody of the Trustee if the Subordinate Bonds are held pursuant to the DTC FAST system.

With respect to Subordinate Bonds registered in the Bond Register in the name of Cede & Co., as nominee of DTC, neither the Issuer, the Borrower nor the Trustee shall have any responsibility or obligation to any DTC Participant or to any Beneficial Owner. Without limiting the immediately preceding sentence, neither the Issuer, the Borrower, nor the Trustee shall have any responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC Participant with respect to any ownership interest in the Subordinate Bonds, (ii) the delivery to any DTC Participant, any Beneficial Owner or any other Person, other than DTC, of any notice with respect to the Subordinate Bonds, including any notice of redemption, (iii) the payment to any DTC Participant, any Beneficial Owner or any other Person, other than DTC, of any amount with respect to the principal of or premium, if any, or interest on the Subordinate Bonds, or (iv) the failure of DTC to provide any information or notification on behalf of any DTC Participant or Beneficial Owner.

The Issuer, the Borrower and the Trustee may treat as and deem DTC to be the absolute owner of each Subordinate Bond for the purpose of payment of the principal of and premium and interest on such Subordinate Bond, for the purpose of giving notices of redemption and other matters with respect to such Subordinate Bond, for the purpose of registering transfers with respect to such Subordinate Bonds, and for all other purposes whatsoever (except for the giving of certain Bondholder consents). The Trustee shall

pay all principal of and premium, if any, and interest on the Subordinate Bonds to the Bondholders as shown on the Bond Register, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to the principal of and premium, if any, and interest on the Subordinate Bonds to the extent of the sum or sums so paid.

Upon delivery by DTC to the Trustee of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the transfer provisions in Section 2.9 hereof, references to "Cede & Co." in this Section shall refer to such new nominee of DTC.

Notwithstanding the provisions of this Subordinate Indenture to the contrary (including without limitation surrender of Subordinate Bonds, registration thereof, and Authorized Denominations), as long as the Subordinate Bonds are in book-entry form, full effect shall be given to the Representation Letter and the procedures and practices of DTC thereunder.

Section 2.13. Termination of Book-Entry Only System. DTC may determine to discontinue providing its services with respect to any Subordinate Bonds registered in the name of Cede & Co. at any time by giving written notice to the Trustee and discharging its responsibilities with respect thereto under applicable law. Upon the termination of the services of DTC as provided above and notice to the Issuer, the Subordinate Bonds may be registered in whatever name or names the Bondholders shall designate at that time, in accordance with Section 2.9 hereof. To the extent that the Beneficial Owners are designated as the transferee by the Bondholders, in accordance with Section 2.9 hereof, the Subordinate Bonds will be delivered in appropriate form, content and Authorized Denomination to the Beneficial Owners.

So long as any Subordinate Bond is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to the principal of and premium, if any, and interest on such Subordinate Bond and all notices with respect to such Subordinate Bond shall be made and given, respectively, to DTC as provided in the Representation Letter.

Section 2.14. Interest Rate Calculation and Determination.

(a) *Current Interest Rate.* The Current Interest Rate is payable monthly, commencing [December] 1, 2024, on each monthly Interest Payment Date for the Current Interest Rate. The Current Interest Rate shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) thirty (30) day months.

(b) *Accrual Interest Rate.* The Accrual Interest Rate shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) thirty (30) day months. The Accrual Interest Rate shall accrue on a simple basis and any unpaid Accrual Interest Rate Amount shall not compound.

On each Accrual Interest Rate Payment Date, the Trustee shall apply any payments to the Accrual Interest Rate Amount, first, up to the amount equal to any and all accrued but unpaid Accrual Interest Rate Amount due on the Subordinate Bonds through and including December 31 of the prior calendar year, such amount to be applied to the payment of all such accrued but previously unpaid Accrual Interest Rate Amount;

All payments due with respect to the Accrual Interest Rate (if the Subordinate Bonds have not been accelerated and have not matured) shall be made solely from Surplus Cash and amounts on deposit with the Trustee after the payment of the Current Interest Rate Amount for the calendar year that precedes the applicable Accrual Interest Rate Payment Date (e.g., the payment to be made hypothetically on May 1, 2035 will be based on Available Revenue for 2034 after the full

repayment of the Deferred Developer Fee). The Borrower's obligation to make payments of the Accrual Interest Rate Amount is subject to the availability of Surplus Cash and amounts on deposit in the funds and accounts established under this Subordinate Indenture, the Current Interest Rate Amount being current, and the full repayment of the Deferred Developer Fee. Subject to the preceding sentence, in the event any payment is not made as required by the Subordinate Bonds, the payment of the Accrual Interest Rate Amount not made shall continue as an obligation until the amount not paid shall have been fully paid. The Trustee shall not ask the Guarantor for any payments under the Guaranty for the Accrual Interest Rate Amount unless the Subordinate Bonds have been accelerated or at Maturity.

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ARTICLE 3

REDEMPTION OF BONDS BEFORE MATURITY

Section 3.1. Redemption Provisions. The Subordinate Bonds are subject to redemption and prepayment as follows:

(1) Optional Redemption. The Subordinate Bonds are subject to redemption and prepayment upon written request by the Borrower to the Trustee on May 1, 2025, and on any Business Day thereafter, following fourteen (14) days written notice to the Trustee, in whole or in part, and if in part, in principal increments of \$5,000 and by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Subordinate Bonds to be redeemed, plus the applicable Early Prepayment Premium (as defined below), plus accrued interest thereon to, but not including, the Redemption Date. “Early Prepayment Premium” as used in this subsection shall mean the premiums set forth in the table below.

Redemption Date	Premium
Date of Issuance through April 30, 2025	Non-Callable
May 1, 2025 through April 30, 2026	6.00%
May 1, 2026 through April 30, 2027	5.00%
May 1, 2027 through April 30, 2028	4.00%
May 1, 2028 through April 30, 2029	3.00%
May 1, 2029 through April 30, 2030	2.00%
May 1, 2030 through April 30, 2031	1.00%
May 1, 2031 and thereafter	0.00%

(2) Mandatory Sinking Fund Redemption. The Subordinate Bonds maturing May 1, 2064 are subject to mandatory redemption by lot in the principal increments of \$5,000, at par and accrued interest without premium, on the dates and in the principal amounts set forth below:

Subordinate Bonds Maturing May 1, 20[]

<u>Sinking Fund Redemption Payment Date</u>	<u>Principal Amount</u>
May 1, 2055	\$290,000
May 1, 2056	310,000
May 1, 2057	330,000
May 1, 2058	355,000
May 1, 2059	380,000
May 1, 2060	405,000
May 1, 2061	435,000
May 1, 2062	465,000
May 1, 2063	500,000
May 1, 2064*	530,000

* Stated Maturity

At the option of the Borrower exercised not less than thirty-five (35) days prior to any Sinking Fund Redemption Date, the Borrower may (i) deliver to the Trustee for cancellation Subordinate Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of such sinking fund obligation for any Subordinate Bonds which prior to such date have been purchased or redeemed (other than through the operation of the sinking fund) and not otherwise previously applied as a credit against sinking fund payments.

(3) Extraordinary Redemption. In the events described in Section 8.4(2) of the Subordinate Loan Agreement and exercise by the Borrower of its option to terminate the Subordinate Loan Agreement, the Subordinate Bonds shall be redeemed in whole by the Issuer on the earliest date for which timely notice of call can be given after receipt of the Borrower's notice of exercise, at a Redemption Price equal to the principal amount to be redeemed, without any premium, plus accrued interest to the Redemption Date.

(4) Tax Redemption. The Subordinate Bonds are subject to mandatory redemption in whole on the first Business Day for which notice of redemption can properly be given as provided herein upon the occurrence of a Determination of Taxability at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Subordinate Bonds plus accrued interest thereon to the Redemption Date.

Section 3.2. Partial Redemption of Subordinate Bonds. In the case of any partial redemption of Subordinate Bonds of the same maturity pursuant to any provision of this Subordinate Indenture, the particular Subordinate Bonds or portions thereof to be redeemed shall be selected by the Trustee by lot. In the case of any partial redemption of a Subordinate Bond in a denomination greater than \$5,000 then for all purposes in connection with such redemption, the first \$5,000 of face value of such Subordinate Bond shall be treated as though it were a separate Subordinate Bond in the denomination of \$5,000 and each remaining \$5,000 of face value of such Subordinate Bond shall be treated as though it were a separate Subordinate Bond in the denomination of \$5,000, and such Subordinate Bond shall be redeemed only in a principal amount sufficient to redeem one or more of such separate Subordinate Bond in full. Any Subordinate Bond which is to be redeemed only in part shall be surrendered to the Trustee (i) for payment of the Redemption Price (including accrued interest thereon to the Redemption Date) of the portion thereof called for redemption and (ii) for exchange for Subordinate Bonds in any Authorized Denomination in aggregate principal amount equal to the unredeemed portion of such Subordinate Bond without charge therefor. For all purposes of this Subordinate Indenture, unless the context otherwise requires, all provisions relating to the redemption of Subordinate Bonds shall relate, in the case of any Subordinate Bond redeemed or to be redeemed only in part, to the portion of the principal of such Subordinate Bond which has been or is to be redeemed.

Section 3.3. Procedure for Redemption. In the event the Borrower shall give written notice to the Trustee of any redemption of the Subordinate Bonds under Section 3.1, the Trustee shall give notice, in the name of the Issuer, of the redemption of such Subordinate Bonds, which notice shall (1) specify the Subordinate Bonds (or portions thereof) to be redeemed, the Redemption Date, the Redemption Price and the place or places where or, if a partial redemption the manner in which the amounts due upon such redemption will be payable and (2) state that on the Redemption Date the Subordinate Bonds (or portions thereof) to be redeemed shall cease to bear interest. Such notice may set forth any additional information relating to such redemption, including any conditions thereto. The Trustee shall give such Notice by Mail at least twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption, to the Holders of the Subordinate Bonds to be redeemed.

Notwithstanding the foregoing, notice of any redemption pursuant to Section 3.1(1) hereof may provide that the redemption is conditioned on the deposit of sufficient moneys for payment of the Redemption Price on or prior to the Redemption Date. If the notice is conditioned upon moneys being on deposit with the Trustee in an amount sufficient to pay the Redemption Price on the Redemption Date, the

notice shall state such condition and that such redemption shall not be effective unless such condition is met.

Any Subordinate Bonds and portions of Subordinate Bonds which have been duly selected for redemption and which are deemed to be paid in accordance with Article 7 hereof shall cease to bear interest on the specified Redemption Date.

Section 3.4. Payment of Subordinate Bonds Upon Redemption. The Redemption Price of Subordinate Bonds or portions thereof called for redemption in accordance with Section 3.3 hereof shall be payable on the date of redemption upon presentation and surrender of such Subordinate Bonds at the place or places of payment. If, on the Redemption Date, sufficient money shall have been deposited with the Trustee to effect such redemption in accordance with this Subordinate Indenture, then interest shall cease to accrue on all Subordinate Bonds or portions thereof so called for redemption.

Section 3.5. No Partial Redemption After Default. Anything in this Subordinate Indenture to the contrary notwithstanding, if there shall have occurred and be continuing an Event of Default, there shall be no redemption of less than all of the Subordinate Bonds at the time Outstanding.

Section 3.6. Cancellation. All Subordinate Bonds which have been redeemed shall be cancelled by the Trustee as provided in Section 2.11 hereof and shall not be reissued.

Section 3.7. No Redemption Prior to Placed in Service Date. Notwithstanding anything to the contrary contained herein, the Subordinate Bonds shall not be optionally redeemed prior to the date upon which the Borrower has advised the Trustee in writing that the Project has been placed in service for purposes of Section 42 of the Code.

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ARTICLE 4

GENERAL COVENANTS

Section 4.1. Payment of Principal, Premium and Interest.

(1) Solely from the Trust Estate, the Issuer will duly and punctually pay the principal of, premium, if any, and interest on the Subordinate Bonds in accordance with the terms of the Subordinate Bonds and this Subordinate Indenture. Nothing in the Subordinate Bonds or in this Subordinate Indenture shall be considered as assigning or pledging funds or assets of the Issuer other than those covered by the Granting Clauses set forth herein.

Section 4.2. Issuer's Performance Covenants. Subject to Section 4.1 hereof, the Issuer shall have no liability or obligation with respect to the payment of the purchase price of the Subordinate Bonds. None of the provisions of this Subordinate Indenture shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate pledged hereunder, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services, it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform (to the extent within its reasonable control) at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Subordinate Indenture, in every Subordinate Bond executed, authenticated, and delivered hereunder, in the Subordinate Loan Agreement and in all of its proceedings pertaining thereto; provided, however, that (a) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee, and (b) the Issuer shall have received the instrument to be executed, and, at the Issuer's option, shall have received from the Borrower assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its expenses incurred or to be incurred in connection with taking such action or executing such instrument.

Section 4.3. Instruments of Further Assurance. Subject to Section 4.2 hereof, the Issuer covenants that it will do, execute, acknowledge, and deliver or cause to be done, executed, acknowledged, and delivered by the parties within its control (at the sole cost and expense of the Borrower), such instruments supplemental hereto and such further acts, instruments, and transfers as the Trustee may reasonably require for the better assuring, transferring, mortgaging, conveying, pledging, assigning, and confirming unto the Trustee, the Issuer's interest in and to all interests, revenues, proceeds, and receipts pledged hereby to the payment of the principal of, premium, if any, and interest on the Subordinate Bonds in the manner and to the extent contemplated herein. The Issuer shall be under no obligation to prepare, record, or file any such instruments or transfers.

Section 4.4. Recording and Filing. The Trustee requires that the Borrower cause this Subordinate Indenture and all supplements thereto, to be kept, recorded and filed in such manner and in such places as may be required by law in order to preserve and protect fully the security of the Holders of the Subordinate Bonds and the rights of the Trustee hereunder and under any other instruments aforesaid.

Section 4.5. Books and Records. The Trustee covenants that so long as any Outstanding Subordinate Bonds issued hereunder and secured by this Subordinate Indenture shall be unpaid, the Trustee will keep proper books or records and accounts, in which full, true and correct entries will be made of all its financial dealings or transactions in relation to the Project and the payments derived from the Subordinate Loan Agreement and this Subordinate Indenture. At reasonable times and under reasonable regulations

established by the Trustee, such books shall be open to the inspection of Holders and such accountants or other agencies as the Trustee may from time to time designate.

Section 4.6. Bondholders' Access to Bond Register. Except as otherwise may be provided by law, the Bond Register shall not be deemed a public record and shall not be made available for inspection by the public, unless and until written notice to the contrary is given to the Trustee by the Issuer.

Section 4.7. Rights Under Subordinate Loan Agreement. The Subordinate Loan Agreement sets forth covenants and obligations of the Issuer and the Borrower, and reference is hereby made to the same for a detailed statement of said covenants and obligations. The Issuer agrees to cooperate in the enforcement of all covenants and obligations of the Borrower under the Subordinate Loan Agreement and agrees that the Trustee, in its name or in the name of the Issuer, may enforce all rights of the Issuer (other than the Issuer's Unassigned Rights) and all obligations of the Borrower under and pursuant to the Subordinate Loan Agreement and on behalf of the Holders, whether or not the Issuer has undertaken to enforce such rights and obligations.

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ARTICLE 5

FUNDS AND ACCOUNTS

Section 5.1. “Trust Money” Defined. All money received by the Trustee except with respect to the Issuer’s Unassigned Rights (all such money being herein sometimes called “Trust Money”):

(1) as elsewhere herein provided to be held and applied under this Article 5, or required to be paid to the Trustee and whose disposition is not elsewhere herein otherwise specifically provided for, including but not limited to the investment income of all trust funds held by the Trustee under this Subordinate Indenture; or

(2) as proceeds from the sale of the Subordinate Bonds; or

(3) as Basic Payments, or as otherwise payable with respect to the Subordinate Bonds under the Subordinate Loan Agreement; or

(4) any amounts that could be considered Available Revenue, including any Sale or Refinancing Proceeds or other amounts that could be considered part of the Trust Estate under this Subordinate Indenture;

(5) any amounts received as a result of enforcement of the Subordinate Mortgage; or

(6) any payments received under the Guaranty.

shall be held by the Trustee as a part of the Trust Estate, and, upon the exercise by the Trustee of any remedy specified in Article 8 hereof, such Trust Money shall be applied in accordance with Section 8.6 hereof, except to the extent that the Trustee is holding in Trust Money or Government Obligations, as the case may be, for the payment of any specified Subordinate Bonds which are no longer deemed to be Outstanding under the provisions of Article 7 hereof, which money or Government Obligations shall be applied only as provided in said Article 7. Prior to the exercise of any such remedy, all or any part of the Trust Money shall be held, invested, withdrawn, paid or applied by the Trustee, from time to time, as provided in this Article 5 or in Articles 6 and 7 hereof.

Section 5.2. Establishment of Funds. The Issuer hereby establishes as trust funds and creates the following funds and accounts:

(a) a Project Fund;

(b) a Bond Fund, including a Current Interest Rate Account and Accrual Interest Rate Account;

(c) a Rebate Fund; and

(d) a Costs of Issuance Fund.

Section 5.3. Application of Proceeds and Other Funds. On the Date of Issuance, the proceeds of the Subordinate Bonds will be deposited in the various funds and accounts established under this Subordinate Indenture or disbursed for Project Costs as set forth in the Closing Memorandum.

Section 5.4. Project Fund.

(1) Proceeds of the Subordinate Bonds shall be deposited to the Project Fund in accordance with Section 5.3 hereof and disbursed pursuant to the Closing Memorandum.

(2) [Reserved.]

(3) [Reserved.]

(4) Any interest earned on sums held in the Project Fund prior to the Completion Date shall remain a part of the Project Fund.

(5) Any sums remaining in the Project Fund in excess of any amount required to pay Project Costs shall be transferred to the Bond Fund at the time or times and in the manner provided in, and used for the purposes set forth in, Section 3.7 of the Subordinate Loan Agreement and Section 5.5(8) below.

Section 5.5. Bond Fund. There is hereby created under this Subordinate Indenture a Bond Fund, and within the Bond Fund a Current Interest Rate Account and an Accrual Interest Rate Account.

(1) There shall be credited to the accounts of the Bond Fund, as and when received, each payment received by the Trustee under and pursuant to any of the provisions of this Subordinate Indenture or the Subordinate Loan Agreement which is required to be paid into such account of the Bond Fund, or which is accompanied by written directions of either the Borrower or the Guarantor, as applicable, that such payment is to be credited to such account of the Bond Fund, together with all income derived from the investment of such amounts.

(2) As set forth in the Closing Memorandum, the Trustee shall deposit to the Current Interest Rate Account the amount necessary to pay the Current Interest Rate Amount through [October __, 20 --]. Any interest earned on sums held in the Current Interest Rate Account shall remain a part of the Current Interest Rate Account of the Bond Fund and applied to the payment of interest on the Subordinate Bonds through and including [October __, 20__].

(3) Commencing in [____ 20__] and monthly thereafter, there shall be credited to the Bond Fund amounts paid by the Borrower as authorized under the LPA, the Funding Loan Agreement and Project Loan Agreement as required to pay the principal of and interest due on the Subordinate Bonds as described below.

(a) First, two (2) Business Days prior to each Interest Payment Date, the Borrower shall pay to the Trustee for deposit into the Current Interest Rate Account such amount as necessary to pay the Current Interest Rate Amount (including any and all of the previously accrued but unpaid Current Interest Rate Amount) due on the next Interest Payment Date. In the event that there are not sufficient funds on hand in the Current Interest Rate Account one (1) Business Day prior to an Interest Payment Date, then the Trustee shall send a written notice to the Guarantor at the notice address under the Guaranty and request that the Guarantor make a payment under the Guaranty in the amount of such deficiency. The Borrower and Guarantor will reimburse the Trustee for any costs incurred on account of the Trustee providing such notice.

(b) Second, from and after the date that the Deferred Developer Fee has been paid in full (as certified in writing by the Borrower to the Trustee and the Issuer as evidenced by a certificate in the form attached hereto as Exhibit B), after the payments required under 3(a) above with respect to the Current Interest Rate, then the Borrower shall deposit to the Accrual Interest

Rate Account any and all of the accrued and unpaid Accrual Interest Rate Amount on the next Accrual Interest Rate Payment Date and each Accrual Interest Rate Payment Date thereafter until all of the Accrual Interest Rate Amount is then current. At such time as all of the accrued and previously unpaid Accrual Interest Rate Amount is paid such that the Borrower is current on the Accrual Interest Rate Amount, then all amounts deposited in the Accrual Interest Rate Account shall be used to pay the Accrual Interest Rate Amount and then used for the payment of principal of the Subordinate Bonds as shown below in (c). In the event that there are not sufficient funds on hand in the Accrual Interest Rate Account one (1) Business Day prior to a Maturity Date, then the Trustee shall send a written notice to the Guarantor at the notice address under the Guaranty and request that the Guarantor make a payment under the Guaranty in the amount of such deficiency. The Borrower and Guarantor will reimburse the Trustee for any costs incurred on account of the Trustee providing such notice.

(c) Third, from and after April 1, 2055, or upon earlier acceleration, after the payments required by subsections (a) and (b) above, the Borrower shall deposit with the Trustee two (2) Business Days prior to each Principal Payment Date, the amount necessary to fund the deposit required under Section 3.1(2) hereof for the redemption of a portion of the principal of the Subordinate Bonds on the next Principal Payment Date or if the Subordinate Bonds have been accelerated, then the amount necessary to pay the accelerated principal amount of the Subordinate Bonds. In the event that there are not sufficient funds on hand in the Bond Fund two (2) Business Days prior to a Principal Payment Date to satisfy the deposit required under the terms of Section 3.1(2) hereof for the redemption of a portion of the Subordinate Bonds on the next Principal Payment Date or the payment of the accelerated principal of the Subordinate Bonds, then the Trustee shall send a written notice to the Guarantor at the notice address under the Guaranty and request that the Guarantor make a payment under the Guaranty in the amount of such deficiency. The Borrower and Guarantor will reimburse the Trustee for any costs incurred on account of the Trustee providing such notice.

To the extent Available Revenue and other Trust Money is not sufficient to pay the Interest Rate Amount due on an Interest Payment Date, such amount shall not compound. Except for the payment due on Maturity, the obligation to make payments of the Interest Rate Amount is subject to the requirements of this Section 5.5 and it shall not be an event of default under the Subordinate Bonds to the extent that failure to make a payment is due to lack of Surplus Cash to make such payments. Subject to the preceding sentence, in the event any payment is not made as required by this Section 5.5, the payment not made shall continue as an obligation until the amount not paid shall have been fully paid. To the extent permitted by law, interest on any overdue payment required hereby shall be paid at the Default Rate.

(4) The Trustee shall use amounts on deposit in the Bond Fund to pay the principal of and interest on the Subordinate Bonds as they become due and payable.

(5) If any Subordinate Bond shall not be presented for payment at Maturity, provided money sufficient to pay such Subordinate Bond shall have been made available to the Trustee and are held by the Trustee for the benefit of the Holder thereof, all liability of the Issuer to the Holder thereof for the payment of such Subordinate Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such money, without liability for interest thereon, for the benefit of the Holder of such Subordinate Bond, who shall thereafter be restricted exclusively to such money for any claim of whatever nature on his or her part hereunder or on, or with respect to, such Subordinate Bond. In the event that there is not sufficient funds to pay the principal of and accrued interest on the Subordinate Bonds at Maturity, then the Trustee shall provide written notice to the Guarantor at the notice address in

the Guaranty and make a demand that the Guarantor immediately make such required payment, including any Defaulted Interest and accrued and unpaid Accrual Interest Rate Amount that is accrued and unpaid at Maturity. The Borrower and Guarantor will reimburse the Trustee for any costs incurred on account of the Trustee providing such notice.

(6) Any money remaining in the Bond Fund after payment in full of all Subordinate Bonds, and payment of the fees, charges and expenses of the Trustee, the Paying Agent, and any Co-Paying Agent and any Issuer Fees and Expenses which have accrued and which will accrue and all other items required to be paid hereunder shall be paid to the Borrower.

(7) Money in the Bond Fund shall be invested as provided in Section 6.1 hereof.

(8) Any surplus money in the Project Fund transferred to the Bond Fund pursuant to Section 5.4(5) hereof shall be used by the Trustee (a) to redeem the largest number of Subordinate Bonds callable, without premium or penalty, under the terms of this Subordinate Indenture at the first opportunity or (b) to pay principal due on the Subordinate Bonds.

Section 5.6. Reserved.

Section 5.7. Rebate Fund.

(1) The Trustee shall deposit in the Rebate Fund, upon receipt, all Rebate Amounts deposited with the Trustee in accordance with Section 7.7(12) of the Subordinate Loan Agreement; and for purposes of making such deposits the Trustee shall, at the direction of the Borrower, transfer from the appropriate fund to the Rebate Fund a sum equal to any Rebate Amounts attributable to sums held in the Project Fund.

(2) The Trustee shall cooperate with the Borrower in making the determinations for each computation required pursuant to 7.7(12) of the Subordinate Loan Agreement; and to that end, the Trustee shall, within 30 days after the end of the fifth Bond Year for the Subordinate Bonds, prepare and provide to the Borrower (and the Issuer, upon request) a report with respect to the Project Fund setting forth the total amount invested during the preceding five Bond Years, the investments made with the money in the Project Fund and the investment earnings (and losses) resulting from such investments, together with such additional information concerning the Bond Fund and the investments therein as the Rebate Analyst or the Borrower shall reasonably request.

(3) The Trustee shall remit sums in the Rebate Fund to the United States as provided in Section 7.7(11) of the Subordinate Loan Agreement.

(4) Within the Rebate Fund, the Trustee shall maintain such accounts as shall be necessary to comply with written instructions of the Borrower given pursuant to the terms and conditions of the Tax Certificate. Subject to the transfer provisions provided below, all money at any time deposited in the Rebate Fund shall be held by the Trustee in trust, to the extent required to satisfy the required rebate payments (the "Rebate Requirement") to the federal government of the United States of America. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 5.7, and by the Tax Certificate (which is incorporated herein by reference). The Trustee shall be deemed conclusively to have complied with such provisions if it follows the written directions of the Borrower, and furthermore, the Trustee shall have no liability or responsibility to enforce compliance by the Borrower or the Issuer with the terms of the Tax Certificate or any other tax covenants contained in the Subordinate Loan Agreement. The Trustee shall not be responsible for calculating rebate amounts or for the adequacy or correctness of any rebate report or rebate calculations. The Trustee shall have no independent duty to review such calculations or enforce the compliance by the Borrower with such rebate requirements. The Trustee shall have no duty or obligation

to determine the applicability of the Code and shall only be obligated to act in accordance with written instructions provided by the Borrower.

(5) Computations of the Rebate Requirement shall be furnished by or on behalf of the Borrower (and the Issuer, upon request) in accordance with the Tax Certificate. The Trustee shall supply to the Borrower and/or the Issuer and any Rebate Analyst of the Borrower all necessary information in the manner provided in the Tax Certificate to the extent such information is reasonably available to the Trustee.

(6) The Trustee shall have no obligation to rebate any amounts required to be rebated pursuant to this Section 5.7, other than from moneys held in the funds and accounts created under this Subordinate Indenture or from other moneys provided to it by the Borrower.

(7) At the written direction of the Borrower, which shall include a statement to the effect that such direction complies with the restrictions set forth in the Tax Certificate, the Trustee shall invest all amounts held in the Rebate Fund in Permitted Investments. The Trustee shall not be liable for any consequences arising from such investment.

(8) Any funds remaining in the Rebate Fund after each five year remission to the United States of America, redemption and payment of all of the Subordinate Bonds and payment and satisfaction of any Rebate Requirement, or provision made therefor satisfactory to the Trustee, shall be withdrawn and remitted to the Borrower, following the Trustee's receipt of written instructions from the Borrower.

(9) Notwithstanding any other provision of this Subordinate Indenture, the obligation to remit the Rebate Requirement to the United States and to comply with all other requirements of this Section 5.7 and the Tax Certificate shall survive the defeasance or payment in full of the Subordinate Bonds.

Section 5.8. Reserved.

Section 5.9. Costs of Issuance Fund. The Trustee shall maintain a Costs of Issuance Fund into which will be deposited equity of the Borrower and proceeds of the Subordinate Bonds necessary to pay Issuance Expenses. The Trustee shall disburse amounts in the Costs of Issuance Fund to pay Issuance Expenses in accordance with the Closing Memorandum.

Section 5.10. Deposit of Funds with Paying Agent.

(1) The Trustee shall transfer and remit sums from the Bond Fund to the Paying Agent in advance of each interest and principal due date and redemption date, from the balance then on hand in the Bond Fund, sufficient to pay all principal, interest and redemption premiums then due on the Subordinate Bonds. The Paying Agent shall hold in trust for the Holders of such Subordinate Bonds all sums so transferred to it until paid to such Holders or otherwise disposed of as herein provided.

(2) Interest on each Subordinate Bond including accrued interest to the date of deposit and interest, to the extent permitted by law, on overdue installments of interest at the rate borne by such Subordinate Bond, (a) shall cease on its Maturity Date, or on any prior date on which it shall have been duly called for redemption as herein provided, provided that funds sufficient for the payment thereof with accrued interest and any redemption premium have been deposited with the Paying Agent on or before the Maturity Date or Redemption Date, as the case may be, and in the case of redemption, that the requirements of Article 3 hereof have been complied with, or (b) shall cease on any date after Maturity on which such deposit has been made, and the Holder shall have no further rights with respect to the Subordinate Bonds or under this Subordinate Indenture except to receive the payment so deposited.

(3) If any Subordinate Bond is not presented for payment when due and funds sufficient to pay such Subordinate Bond shall have been paid to the Trustee (or other Paying Agent, if any): (a) all liability of the Issuer for payment of such Subordinate Bond shall forthwith cease; (b) such Subordinate Bond shall forthwith cease to be entitled to any lien, benefit or security under this Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, and any Collateral Document, and the Holder of such Subordinate Bond shall forthwith have no rights in respect thereof except to receive payment thereof; and (c) the Trustee (or other Paying Agent, if any) shall hold such funds, without liability for interest thereon, for the benefit of the Holder of such Subordinate Bond. Any money still held by the Trustee (or other Paying Agent, if any) after two (2) years and eleven (11) months from the date on which the Subordinate Bond with respect to such amount was paid to the Trustee (or other Paying Agent, if any), shall, if and to the extent permitted by law, be paid by the Trustee (or other Paying Agent, if any) to the Borrower and shall be discharged from the trust and all liability of the Paying Agent or the Trustee with respect to such Trust Money shall cease, and the Bondholders shall thereafter be entitled to look only to the Borrower for payment, and the Borrower shall not be liable for any interest thereon.

(4) If there is any Paying Agent who is not the Trustee, the Trustee will cause such Paying Agent to execute and deliver to it an instrument in which such Paying Agent shall agree with the Trustee, subject to the provisions of this Section 5.10, that such Paying Agent will:

(a) hold all sums held by it for the payment of principal of (and premium, if any) or interest on Subordinate Bonds in trust for the benefit of the Holders of such Subordinate Bonds until such sums shall be paid to such Holders or otherwise disposed of as herein provided; and

(b) at any time during the continuance of any default in the making of any such payment of principal (and premium, if any) or interest, upon the written request of the Trustee forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Trustee, acting as Paying Agent, shall be bound by the terms of the foregoing requirements.

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ARTICLE 6

INVESTMENTS

Section 6.1. Investments by Trustee.

(1) Except during the continuance of an Event of Default, and subject to the provisions of Section 8.2 hereof, money held for the credit of the funds established by Article 5 hereof shall be held by the Trustee as required by law and shall at the written request of the Borrower Representative, to the extent practicable and permitted by the Act, and except as provided below with respect to the money in the Bond Fund, be invested as received and reinvested by the Trustee as directed in writing by the Borrower in Permitted Investments (including investments in securities through a common trust fund or similar fund maintained by a bank exclusively for the collective investment and reinvestment of money contributed thereto by the bank in its capacity as trustee, certificates of deposit, and repurchase agreements). No investment shall have a final maturity date that is more than five (5) years from the date such investment is made. In the absence of written direction by the Borrower as provided above, the Trustee shall invest such funds in [TRUSTEE TO PROVIDE INVESTMENT WITH CUSIP] as standing instructions.

Subject to the Permitted Investments, as to the investment of sums (other than proceeds of the Subordinate Bonds) held in the Bond Fund, the type, amount and maturity of such investments shall be as specified in writing by the Borrower Representative, provided that sums in the Bond Fund may in any event only be invested in securities which mature or are subject to redemption or repurchase on or prior to the date or dates on which funds will be required.

(2) The Trustee shall sell and reduce to cash funds a sufficient portion of investments under the provisions of this Section whenever the cash balance in the fund for which the investment was made is insufficient for its current requirements. Securities so purchased as an investment of money shall be held by the Trustee, shall be registered in the name of the Trustee if registration is required, and shall be deemed at all times a part of the applicable fund, and the interest accruing thereon and any profit realized from such investments shall be credited to the fund from which the investment was made, subject to any transfer to another fund as herein provided. The Trustee shall have no liability whatsoever for any loss (including depreciation), fee, tax or other charge incurred in connection with any investment, reinvestment, sale or liquidation of an investment hereunder. Any loss resulting from such investment shall be charged to the fund from which the investment was made. In no event shall the Trustee be deemed a fiduciary, an investment manager or adviser in respect of any selection of investments hereunder. The Trustee shall be entitled to conclusively rely on any written direction of the Borrower as to the suitability and legality of the directed investments. The Trustee shall have no responsibility whatsoever to determine whether any investments made pursuant to this Subordinate Indenture are or continue to be Permitted Investments.

(3) The Trustee may purchase from or sell to itself, or through any affiliated company, as principal or agent, securities herein authorized so long as such purchase or sale is at fair market value, and may invest funds in its own proprietary money market funds or deposit products. The Trustee shall have no discretion for investing funds or advising any parties on investing funds.

(4) It is acknowledged and agreed that the Issuer shall have no discretion regarding the investment or reinvestment of funds pursuant to this Section 6.1.

Section 6.2. Return on Investments.

(1) In directing investments pursuant to Section 8.3 of the Subordinate Loan Agreement, the Borrower will not instruct the Trustee to use the proceeds of the Subordinate Bonds or other sums pledged

to the payment of the Subordinate Bonds, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any of the Subordinate Bonds to be “arbitrage bonds” as defined in Section 148 of the Code, and for this purpose the Trustee, in order to restrict yield on investments, may invest in SLGS (and accordingly is hereby authorized to act as agent of the Issuer for such purpose). The Trustee shall be fully protected in relying on any written direction of the Borrower as to the suitability and legality of the directed investments.

(2) No money in any fund or account shall be invested in investments which cause the Subordinate Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code. If at any time the money in all funds and accounts relating to the Subordinate Bonds exceed, within the meaning of Section 149(b) of the Code, (a) amounts invested for an initial temporary period until the money is needed for the purpose for which the Subordinate Bonds were issued, (b) investments of a bona fide debt service fund, and (c) investments of a reserve which meet the requirement of Section 148(d) of the Code, then money in excess of such amounts shall be invested at the direction of the Borrower pursuant to Section 8.3 of the Subordinate Loan Agreement in (i) obligations issued by the United States Treasury, (ii) other investments permitted under regulations, or (iii) obligations which are (a) not issued by, or guaranteed by, or insured by, the United States or any agency or instrumentality thereof or (b) not federally insured deposits or accounts, all within the meaning of Section 149(b) of the Code. The Borrower shall not direct the Trustee to take any action or do anything the effect of which shall be to cause the Subordinate Bonds to be “federally guaranteed” within the meaning of Section 149(b) of the Code.

(3) The provisions of this Section 6.2 shall survive discharge and release of the Funding Loan Agreement.

Section 6.3. Computation of Balances in Funds. In computing the assets of any fund established hereunder, investments and accrued but unpaid interest thereon shall be deemed a part thereof, and such investments shall be valued at par value, or at the redemption price thereof, if then redeemable at the option of the holder, provided that in any event for purposes of determining whether any balance in a fund may only be invested at a restricted yield to comply with Section 148 of the Code and the federal arbitrage regulations, any investments in the fund shall be valued at their par value or the price (less accrued interest) at which they were purchased, whichever is the greater.

Section 6.4. Rebate to United States. The Subordinate Bonds are subject to the rebate to the United States of earnings in excess of the yield on the Subordinate Bonds imposed by Section 148 of the Code and Section 1.148-3 of the Treasury Regulations. The Trustee shall have no obligation to calculate the amount of, or make, any required rebate as provided in Section 5.7 hereof. The Trustee shall cooperate with the Borrower in the Borrower’s efforts to determine the amount of any rebate.

Section 6.5. Issuer’s Tax Covenants. The Issuer covenants and agrees not to take, or cause to be taken, any action or fail to take any action reasonably within its control with respect to the investment of monies under this Subordinate Indenture that is inconsistent with the provisions of this Subordinate Indenture and which would result in the Subordinate Bonds becoming arbitrage bonds within the meaning of Section 148(a) of the Code. The Issuer further covenants and agrees to comply with and take all actions required of it by the Tax Certificate and to continue to do so as specified in the Tax Certificate notwithstanding any satisfaction or discharge of this Subordinate Indenture.

Section 6.6. Waiver of Right to Receive Notice of Security Transactions. The Issuer and the Borrower (by its execution of the Subordinate Loan Agreement) acknowledge that regulations of the Comptroller of the Currency grant the Issuer and the Borrower the right to receive brokerage confirmations of security transactions as they occur. The Issuer and the Borrower specifically waive such right to

notification to the extent permitted by law and acknowledge that they will receive periodic transaction statements that will detail all investment transactions.

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ARTICLE 7

DISCHARGE OF LIEN

Section 7.1. Payment of Subordinate Bonds; Satisfaction and Discharge of Indenture. Whenever the conditions specified in either clause (a) or clause (b) of the following subsection (1) and the conditions specified in the following subsections (2) and (3) to the extent applicable, shall exist, namely:

(1) either:

(a) all Subordinate Bonds have been cancelled by the Trustee or delivered to the Trustee for cancellation, excluding, however,

(i) Subordinate Bonds for whose payment money has theretofore been deposited in trust or segregated and held in trust by the Trustee and thereafter repaid to the Borrower or discharged from such trust, and

(ii) Subordinate Bonds alleged to have been destroyed, lost or stolen which have been replaced or paid as provided in Section 2.6 hereof, and (a) which, prior to the satisfaction and discharge of this Subordinate Indenture as hereinafter provided, have not been presented to the Trustee with a claim of ownership and enforceability by the Holder thereof, or (b) whose enforceability by the Holder thereof has been determined adversely to the Holder by a court of competent jurisdiction or other competent tribunal; or

(b) the Issuer or the Borrower has deposited or caused to be deposited as trust funds with the Trustee cash and/or Government Obligations which do not permit the redemption thereof at the option of the issuer thereof, the principal of, premium, if any, and interest on which when due (or upon the redemption thereof at the option of the holder), will, without reinvestment, provide cash which together with the cash, if any, deposited with the Trustee at the same time, shall be sufficient to pay and discharge the entire indebtedness on Subordinate Bonds (including all accrued and unpaid Current Interest Rate Amount and Accrual Interest Rate Amount to such date of discharge) not theretofore cancelled by the Trustee or delivered to the Trustee for cancellation by the payment of interest on and principal (and premium, if any) of the Subordinate Bonds which have become due and payable or which shall become due at their stated Maturity or Redemption Date, as the case may be, and which are to be discharged under the provisions hereof, and has made arrangements satisfactory to the Trustee for the giving of notice of redemption, if any, by the Trustee in the name, and at the expense, of the Borrower in the same manner as is provided by Section 3.2 hereof; and

(2) the Borrower has paid, caused to be paid or made arrangements satisfactory to the Trustee for the payment of all other sums payable hereunder and under the Subordinate Loan Agreement, and the Subordinate Loan Documents by the Trustee or the Borrower until the Subordinate Bonds are so paid; and

(3) if the funds for payment are provided under subsection (1)(b)(ii) above, the Borrower has delivered to the Trustee a report of an Independent Accountant or other nationally recognized verification agent stating that the payments to be made on the security referred to in subsection (1)(b) above will be sufficient to pay when due the principal of, premium, if any, and interest on the Subordinate Bonds (including all accrued and unpaid Current Interest Rate Amount and Accrual Interest Rate Amount to such date of discharge) to be defeased; provided, however, when a defeasance escrow is gross funded or when the Subordinate Bonds mature or will be redeemed within ninety (90) days of the deposit referred to in

subsection (1)(b)(ii) above, a report of an Independent Accountant or other nationally recognized verification agent shall not be required; and

(4) if discharge is to be effected under subsection (1)(b) above, an opinion of Bond Counsel is delivered to the Trustee stating in effect that such discharge will not impair the tax-exempt status of the Subordinate Bonds;

then, except as otherwise provided in Article 7 and Sections 8.2 and 9.3 hereof, the rights of the Bondholders shall be limited to the cash or cash and securities deposited as provided in subsection (1)(a) or (b) above, and upon the Borrower's request the rights and interest hereby granted or granted by the Subordinate Documents to or for the benefit of the Trustee or Bondholders shall cease, terminate and become null and void, and the Issuer and the Trustee shall, at the expense of the Borrower, execute and deliver such instruments of satisfaction and transfer as may be necessary, and forthwith the estate, right, title and interest of the Trustee in and to all of the Project and in and to all rights under the Subordinate Loan Agreement and this Subordinate Indenture (except the money or securities or both deposited as required above and except as may otherwise be provided in Article 7 and Sections 8.2 and 9.3 hereof shall thereupon be discharged and satisfied); except as provided in Section 12.13 hereof.

Section 7.2. Discharge of this Subordinate Indenture. Notwithstanding the fact that the lien of this Subordinate Indenture upon the Trust Estate may have been discharged and cancelled in accordance with Section 7.1 hereof, this Subordinate Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and cancelled, shall nevertheless continue and subsist until the principal of and the interest on, all of the Subordinate Bonds shall have actually been paid in full and the Trustee shall have applied all funds theretofore held by the Trustee for payment of any Subordinate Bonds not theretofore presented for payment or purchase, as the case may be, which funds shall be held in trust solely for the Holders of such Subordinate Bonds pending their application in accordance herewith.

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ARTICLE 8

DEFAULT PROVISIONS AND REMEDIES

Section 8.1. Events of Default. Each of the following events is hereby defined as, and declared to be and to constitute, an “Event of Default” hereunder:

- (1) default in the due and punctual payment of any accrued and due Current Interest Rate Amount; or
- (2) default in the due and punctual payment of any accrued and due Accrual Interest Rate Amount; or
- (3) default in the due and punctual payment of the principal of any Subordinate Bond at its Maturity (scheduled or as a result of acceleration); or
- (4) default in the due and punctual payment of any Basic Payments or Additional Charges and such default shall have continued for a period of thirty (30) days after written notice thereof, specifying such default, shall have been given by the Trustee to the Issuer and the Borrower, or to the Issuer, the Borrower and the Trustee by the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the then Outstanding Subordinate Bonds; or
- (5) default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained in this Subordinate Indenture or in the Subordinate Bonds, and such default shall have continued for a period of thirty (30) days after written notice thereof given in the manner provided in subsection (3) above; notwithstanding the foregoing, if the default reasonably requires more than thirty (30) days to cure, such default shall not constitute an Event of Default, provided that the curing of the default is promptly commenced upon receipt by the Issuer of the notice of the default, and with due diligence is thereafter continuously prosecuted to completion and is completed within a reasonable period of time, and provided that the Issuer or the Borrower keeps the Trustee well-informed at all times of its progress in curing the default, provided in no event shall such additional cure period extend beyond sixty (60) days; or
- (6) the occurrence of an Act of Bankruptcy; or
- (7) the occurrence of an “Event of Default” under the Senior Loan Documents, or any other Subordinate Loan Document.

The investor limited partner, class A limited partner, and the class B limited partner in the Borrower shall have the right, but not the obligation, to cure Events of Default on behalf of the Borrower.

Section 8.2. Acceleration.

(1) Subject to the terms of the Subordination Agreement, upon the occurrence of an Event of Default referred to in Section 8.1 hereof, the Trustee may, and at the written request of the Holders of not less than a majority in aggregate principal amount of the Outstanding Subordinate Bonds shall, by notice in writing delivered to the Issuer and the Borrower declare the principal of all Subordinate Bonds immediately due and payable, whereupon the same shall become immediately due and payable any time herein or in the Subordinate Bonds to the contrary notwithstanding.

(2) Upon any declaration of acceleration, or occurrence resulting in acceleration under this Section 8.2, the Trustee shall immediately declare the Basic Payments required to be made by the Borrower under the Subordinate Loan Agreement to be immediately due and payable in accordance with Section 9.2 of the Subordinate Loan Agreement.

(3) Upon any acceleration required under this Section 8.2, interest shall cease to accrue on the Subordinate Bonds as of the date of declaration of such acceleration.

(4) Except as provided in this Section 8.2, under no other circumstances may the Trustee accelerate the payment of the Subordinate Bonds.

Section 8.3. Remedies. The following remedies are all subject to the terms of the Subordination Agreement.

(1) Subject to the provisions of Section 8.2 hereof, upon the occurrence of an Event of Default and acceleration of the Subordinate Bonds, the Trustee may, subject to the terms of the Subordination Agreement, proceed to pursue any available remedy by suit at law or in equity to enforce all rights of the Bondholders, including without limitation the right to the payment of the principal or premium, if any, and interest on the then Outstanding Subordinate Bonds. Upon the occurrence of an Event of Default under the Subordinate Loan Agreement, the Guaranty, or the Subordinate Mortgage (subject to the terms of the Subordination Agreement), the Trustee may also enforce any and all rights, if any, of the Issuer thereunder. The Issuer may also exercise any of its rights under the Subordinate Loan Agreement.

(2) If any Event of Default shall have occurred, and if it shall have been requested to do so by the Holders of a majority in aggregate principal amount of the then Outstanding Subordinate Bonds, and if it shall have received an indemnity bond as provided in Section 9.1 hereof, the Trustee shall be obliged to exercise such rights and powers conferred on the Trustee by this Section and Section 8.2 hereof as the Trustee (being advised by Independent Counsel) shall deem most expedient in the interests of the Bondholders, provided, however, that the Trustee shall have the right to decline to comply with any such request if the Trustee shall be advised by Independent Counsel that the action so requested may not lawfully be taken or if the Trustee in good faith shall determine that such action would be unjustly prejudicial to the Bondholders not parties to such request.

(3) No remedy by the terms of this Subordinate Indenture conferred upon or reserved to the Trustee (or to the Bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy (i) given to the Trustee or to the Holders hereunder or (ii) now or hereafter existing at law or in equity or by statute.

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

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

Section 8.4. Direction of Proceedings By Bondholders. The Holders of a majority in aggregate principal amount of the then Outstanding Subordinate Bonds shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions

of this Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, and the Collateral Documents or for the appointment of a receiver or any other proceedings hereunder, provided that such direction shall not be otherwise than in accordance with the provisions of law and of this Subordinate Indenture.

Section 8.5. Waiver of Stay or Extension Laws. Upon the occurrence of an Event of Default, to the extent that such rights may then lawfully be waived, neither the Issuer nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Subordinate Indenture, but the Issuer, for itself and all who may claim through or under it, hereby waives to the extent that it lawfully may do so the benefit of all such laws and all right of appraisal and redemption to which it may be entitled under the laws of the State.

Section 8.6. Priority of Payment and Application of Money. All money received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such other money and of the related Issuer Fees and Expenses and costs, expenses, liabilities and advances incurred or made by the Trustee, and Trustee's fees, including attorneys' and agent's fees and expenses, be deposited in the Bond Fund. All money in the Bond Fund shall be applied, subject to the provisions of Article 5 hereof, as follows:

(1) Unless the principal of all the Subordinate Bonds shall have become or shall have been declared due and payable, all such money shall be applied:

FIRST: To the payment to the Persons entitled thereto of all installments of the Current Interest Rate Amount then due on the Subordinate Bonds, in the order of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

SECOND: To the payment to the Persons entitled thereto of all installments of the Accrual Interest Rate Amount then due on the Subordinate Bonds, in the order of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the Persons entitled thereto, without any discrimination or privilege; and

THIRD: To the payment to the Persons entitled thereto the unpaid principal of any of the Subordinate Bonds which shall have become due in the order of their due dates with interest on such Subordinate Bonds at the applicable rate and, if the amount available shall not be sufficient to pay in full the unpaid principal on Subordinate Bonds due on any particular due date, then to the payment ratably, according to the amount of principal and premium, if any, due on such date, to the Persons entitled thereto, without any discrimination or privilege.

(2) If the principal of all Subordinate Bonds shall have become due or shall have been declared due and payable, all such money shall be applied to the payment of the principal and interest then due and unpaid upon the Subordinate Bonds, without preference or priority of principal or any redemption premium over interest or of interest over principal or any redemption premium, or of any installment of interest over any other installment of interest, or of any Subordinate Bond over any other Subordinate Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto, without any discrimination or privilege.

(3) If the principal of all the Subordinate Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of subsection (2) above in the event that the principal of all the Subordinate Bonds shall later become due or be declared due and payable, the money shall be applied in accordance with the provisions of subsection (1) above.

Whenever money is to be applied by the Trustee pursuant to the provisions of this Section, such money shall be applied by it at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such money available for application and the likelihood of additional money becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall (i) fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue and (ii) on or before such date set aside the money necessary to effect such application. The Trustee shall give to the Bondholders mailed notice of the deposit with it of any such money and of the fixing of any such date. Neither the Trustee nor any Paying Agent shall be required to make payment to the Holder of any Subordinate Bond until such Subordinate Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all Subordinate Bonds and interest thereon have been paid under the provisions of this Section 8.6, and all expenses and charges of the Trustee and the Issuer Fees and Expenses have been paid, any balance remaining shall be paid to the person entitled to receive the same pursuant to Section 12.9 hereof.

Whenever a majority in aggregate principal amount of the Outstanding Subordinate Bonds determine that no additional funds are likely to be received or collected by the Trustee, then the majority in aggregate principal amount of Outstanding Subordinate Bonds may notify the Trustee in writing of such determination and instruct the Trustee that the application of any money remaining after paying the expenses allowed under this Section 8.6, constitutes a final distribution of the Subordinate Bonds and the Subordinate Bonds will be cancelled and considered no longer Outstanding under this Subordinate Indenture, regardless of whether all the principal of, and interest on, the Subordinate Bonds has been paid in full.

Section 8.7. Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) under this Subordinate Indenture or under any of the Subordinate Bonds may be enforced by the Trustee without the possession of any of the Subordinate Bonds or the production thereof in any trial or other proceedings relating thereto, and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Subordinate Bonds, and any recovery or judgment shall be for the equal benefit of the Holders of the Outstanding Subordinate Bonds to the extent and in the manner provided herein. The Issuer and the Trustee hereby agree, without in any way limiting the effect and scope thereof, that the pledge and assignment hereunder to the Trustee of all rights included within the Trust Estate (excluding the Issuer's Unassigned Rights) shall constitute an agency appointment coupled with an interest on the part of the Trustee which, for all purposes of this Subordinate Indenture, shall be irrevocable and shall survive and continue in full force and effect notwithstanding the bankruptcy or insolvency of the Issuer or its default hereunder or on the Subordinate Bonds.

Section 8.8. Rights and Remedies of Holders. No Holder of any Subordinate Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Subordinate Indenture, the Subordinate Loan Agreement, or for the execution of any trust hereof or any remedy hereunder or thereunder or for the appointment of a receiver, unless: (1) a default thereunder shall have become an Event of Default and the Holders of a majority in aggregate principal amount of the Subordinate

Bonds then Outstanding shall have made written request to the Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereunder granted or to institute such action, suit or proceeding in its own name; (2) such Holders shall have offered to indemnify the Trustee as provided in Section 9.1(11) hereof; and (3) the Trustee shall thereafter fail or refuse to exercise within a reasonable period of time the remedies hereunder granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are hereby declared in every such case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of this Subordinate Indenture, and to any action or cause of action for the enforcement of this Subordinate Indenture, the Subordinate Loan Agreement, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Subordinate Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Subordinate Indenture, by its, his, her, or their action or to enforce any right thereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Holders of all Subordinate Bonds then Outstanding, provided, however, that nothing herein shall be construed to preclude any Bondholder from enforcing, or impair the right of any Bondholder to enforce, the payment by the Trustee of principal of, and interest and premium, if any, on any Subordinate Bond of such Bondholder at or after its date of Maturity, if and to the extent that such payment is required to be made to such Bondholder by the Trustee from available funds in accordance with the terms hereof.

Section 8.9. Termination of Proceedings. In case the Trustee shall have proceeded to enforce any right under this Subordinate Indenture or the Subordinate Loan Agreement by the appointment of a receiver, by entry and possession or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 8.10. Waiver of an Event of Default. The Trustee may (with prior written notice to the Issuer) waive any Event of Default and its consequences and shall do so upon written request of the Holders of a majority in aggregate principal amount of the Subordinate Bonds then Outstanding. No Event of Default giving rise to mandatory acceleration may be waived. No such waiver or rescission shall extend to any subsequent or other Events of Default, or impair any right consequent thereon.

Section 8.11. Borrower as Agent of Issuer; Proofs of Claims.

(1) No default under Section 8.1(4) hereof shall constitute an Event of Default until actual notice of such default by registered or certified mail shall be given by the Trustee to the Issuer and the Borrower, and the Issuer and the Borrower shall have had the time permitted by the applicable subsection after receipt of such notice to correct said default or cause said default to be corrected and the Issuer or Borrower shall not have corrected said default or caused said default to be corrected within said time.

(2) With regard to any alleged default concerning which notice is given to the Borrower under the provisions of this Section 8.11, the Issuer hereby names and appoints the Borrower as its attorney-in-fact and agent with full authority to perform any covenant or obligation of the Issuer alleged in said notice to constitute a default, in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution, provided that the Borrower shall give the Issuer notice of its intention so to perform on behalf of the Issuer, and provided further that the Issuer may at any time, by a writing addressed to the Borrower withdraw, limit or modify the appointment hereby made.

(3) In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Issuer, the Borrower or any other obligor upon the Subordinate Bonds or the property of the Issuer, the Trustee (irrespective of whether the principal of the Subordinate Bonds shall then be due and payable and irrespective of whether the Trustee shall have made any demand on the Issuer and/or the Borrower for the payment of overdue principal or interest) shall be entitled and empowered, by intervention of such proceeding or otherwise, to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Subordinate Bonds then Outstanding and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and to collect and receive any money or other property payable or deliverable on any such claims and to distribute the same; and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized by each Bondholder to make such payments to the Trustee, and, in the event that the Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel.

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

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ARTICLE 9

THE TRUSTEE

Section 9.1. Acceptance of the Trustee. The Trustee, prior to the occurrence of an Event of Default, undertakes to perform such duties and only such duties as are specifically set forth in this Subordinate Indenture, and no implied covenants or obligations should be read into this Subordinate Indenture against the Trustee. In case an Event of Default has occurred, the Trustee shall exercise such of the rights and powers vested in it by this Subordinate Indenture and use the same degree of care and skill in their exercise as a prudent person would exercise and use under the circumstances in the conduct of their own affairs. The Trustee shall not be liable for any action taken or omitted by it in the performance of its duties under this Subordinate Indenture except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from its own gross negligence or willful misconduct, but in any such event, only upon and subject to the following express terms and conditions:

(1) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers, or employees, and shall not be answerable for the conduct of such attorneys, agents or receivers if appointed with due care, and shall be entitled to advice of counsel (who shall not be counsel for the Issuer or the Guarantor) concerning all matters hereof and duties hereunder, and may in all cases pay such reasonable compensation to any attorney, agent, receiver or employee retained or employed by it in connection herewith, to be reimbursed by the Borrower. The Trustee may act upon the opinion or advice of any attorney, surveyor, engineer or accountant selected by it in the exercise of reasonable care or, if selected or retained by the Issuer, approved by the Trustee in the exercise of such care, provided that the only legal advice or opinion that the Trustee may rely upon for purposes of securing advice or an opinion relating to the tax-exempt status of the Subordinate Bonds is given by Bond Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or nonaction in good faith in reliance upon such opinion; provided however, such opinion is also addressed to the Issuer and the Issuer is entitled to rely thereon.

(2) The Trustee shall have no duty to analyze or review any financial report received by the Trustee or express any opinion concerning the contents of any financial report, official statement or offering memorandum and shall have no responsibility for the contents or accuracy of such reports, official statement or offering memorandum. The Trustee shall not be responsible for any recital herein, or in the Subordinate Bonds (except with respect to the certificate of the Trustee endorsed on the Subordinate Bonds) or for the investment of money as herein provided, except as may be provided in Section 6.1 hereof, or for the validity of the execution by the Issuer of this Subordinate Indenture, or of any supplemental indentures or instruments of further assurance, or for the value, condition or sufficiency of any security for the Subordinate Bonds issued hereunder or intended to be secured hereby, the right, title or interest of the Issuer therein, or for the value of title of the property herein conveyed, if any, or otherwise as to the maintenance of the security hereof and except that in the event the Trustee enters into possession of a part or all of the property conveyed pursuant to any provisions of this Subordinate Indenture, it shall use due diligence in preserving such property. The Trustee shall not be responsible for the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds. The Trustee may, but shall be under no duty to, require of the Borrower full information and advice as to the performance of the covenants, conditions and agreements in the Subordinate Loan Agreement as to the condition of the Project and the performance of all other obligations thereunder and shall use its best efforts, but without any obligation, to advise the Issuer and the Borrower of any Event of Default actually known to the Trustee.

(3) The Trustee shall not be accountable for the use or application by the Issuer or the Borrower of any of the Subordinate Bonds or the proceeds thereof (except as herein expressly provided) or for the

use or application of any money paid over by the Trustee in accordance with the provisions of this Subordinate Indenture or for the use and application of money received by any Paying Agent or the sufficiency of said proceeds or cash flow to accomplish the intended objective of the financing. The Trustee may become the owner of Subordinate Bonds secured hereby with the same rights it would have if not Trustee.

(4) The Trustee shall be protected in acting upon any written notice, order, requisition, request, consent, financial statements or reports, certificate, opinion (including an opinion of Independent Counsel or Bond Counsel), affidavit, letter, telegram or other paper or document received by it, and furthermore, the Trustee shall have no duty to investigate or confirm such written notice, order, requisition, request, consent, certificate, opinion (including an opinion of Independent Counsel or Bond Counsel), affidavit, letter, telegram or other paper or document. Any action taken by the Trustee pursuant to this Subordinate Indenture upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Holder of any Subordinate Bond, shall be conclusive and binding upon all future Holders of the same Subordinate Bond and upon Subordinate Bonds issued in exchange therefor, upon transfer thereof, or in place thereof.

(5) As to the existence or non-existence of any fact or as to the sufficiency or authenticity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate of the Issuer signed by an Issuer Representative as sufficient evidence of the facts stated therein as the same appear from the books and records under the Issuer Representative's custody or control or are otherwise known to him or her.

(7) (6) The Trustee shall not be answerable except such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from its own gross negligence or willful misconduct. The Trustee shall not be personally liable for any debts contracted or for damages to persons or to personal property injured or damaged, or for salaries or nonfulfillment of contracts during any period in which it may be in possession of or managing the real and tangible personal property as in this Subordinate Indenture provided.

(8) At any and all reasonable times, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully, but not the responsibility or duty, to inspect any and all of the property comprising the Project, including all books and records.

(9) The Trustee shall not be required to give any bond or surety with respect to the execution of said trusts and powers or otherwise in respect to the premises.

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

(11) Before taking any action under this Subordinate Indenture, the Trustee may require that it be furnished with an indemnity bond satisfactory to the Trustee for the reimbursement of all expenses to which it may be put and to protect it against all liability except liability which has been fully adjudicated by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Trustee.

(12) All money received by the Trustee, the Paying Agent or any Co-Paying Agent for the Subordinate Bonds shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required herein or by law. The Trustee, the Paying Agent, and any Co-Paying Agent shall not be under any liability for interest on any money received hereunder except such as may be agreed upon.

(13) The Trustee shall not be required to make any disbursement of funds until having collected funds. No provision of this Subordinate Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if the Trustee shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(14) The Trustee makes no representation as to the validity or adequacy of this Subordinate Indenture or the Subordinate Bonds, shall not be accountable for the Issuer's use of the proceeds of the Subordinate Bonds or any money paid to the Issuer or upon the Issuer's direction under any provision hereof, shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and shall not be responsible for any statement or recital herein or any statement in the Subordinate Bonds or any other document in connection with the sale of the Subordinate Bonds or pursuant to this Subordinate Indenture other than its Certificate of Authentication.

(15) In no event shall the Trustee be liable for incidental, indirect, special, consequential or punitive damages or penalties (including but not limited to lost profits), even if the Trustee has been advised of the likelihood of such damages or penalty and regardless of the form of action.

(16) The Trustee shall not be required to take notice or be deemed to have notice of any default, except an Event of Default under Section 8.1(1) and (2) hereof, unless the Responsible Officer shall be notified of such default in writing by the Issuer, the Borrower or by the holders of a majority in aggregate principal amount of the Subordinate Bonds then Outstanding and all notices required to be delivered to the Trustee must, in order to be effective, be delivered at the designated corporate trust office of the Trustee and contain a reference to this Subordinate Indenture and the Subordinate Bonds and, in the absence of such notice so delivered, the Trustee may conclusively assume there is no default except as aforesaid.

(17) The duties and obligations of the Trustee shall be determined solely by the express provisions of this Subordinate Indenture, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Subordinate Indenture. No implied covenants or obligations shall be read into this Subordinate Indenture against the Trustee. Notwithstanding any provision herein, the Trustee shall have no duty or obligation to the Borrower except as may be expressly set forth in this Subordinate Indenture.

(18) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Subordinate Indenture arising or caused, directly or indirectly by circumstances beyond its reasonable control including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions; loss or malfunctions of utilities, communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under any such circumstances.

(19) Notwithstanding anything contained herein to the contrary, upon the occurrence and continuance of an Event of Default, before taking any action which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the

Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all costs and expenses to which it may be put (including reasonable attorney's fees, costs and expenses) and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and costs and expenses which may result from such foreclosure or other action (including reasonable attorney's fees, costs and expenses).

(20) At the expense of the Issuer or the Bondholders, the Trustee may consult with counsel (who shall not be counsel for the Borrower or the Guarantor) and the advice of such counsel or any opinion of Independent Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon; provided, however, such opinion is also addressed to the Issuer and the Issuer is entitled to rely thereon.

The permissive rights of the Trustee to do things enumerated in this Subordinate Indenture or the Subordinate Loan Agreement shall not be construed as duties or obligations. The Trustee shall only be responsible for the performance of the duties expressly set forth herein.

Section 9.2. Annual Report to Issuer of Principal Amount of Bonds Outstanding. No later than [July 31 of each year, commencing July 31, 2024], the Trustee shall deliver to the Issuer by electronic means, regular mail, telephone message, or hand delivery, a report stating the principal amount of the Subordinate Bonds Outstanding as of June 30 of such year. If July 31 does not fall on a Business Day, then the report shall be delivered on the next Business Day.

Section 9.3. Trustee's Fees, Charges and Expenses. The Trustee and any Paying Agent shall be entitled to payment and/or reimbursement for reasonable fees for services rendered hereunder, including Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in and about the execution of the trusts created by this Subordinate Indenture and in and about the exercise and performance of the powers and duties of the Trustee hereunder and for the reasonable and necessary costs and expenses incurred in defending any liability in the premises of any character whatsoever (unless such liability is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee). The Trustee shall have the right to increase its fees as the cost of business dictates and as negotiated with the Borrower. Section 4.3 of the Subordinate Loan Agreement provides for the payment of said fees, advances, counsel fees, costs and expenses and reference is hereby made to the Subordinate Loan Agreement for such provisions, and the Issuer shall not otherwise be liable for the payment of such sums. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a first lien with right of payment prior to payment on account of interest on or principal or premium, if any, of any Subordinate Bond and upon the money received by it hereunder, for said fees, advances, counsel fees, costs and expenses incurred by it. Trustee fees and expenses are intended to constitute administrative expenses in bankruptcy.

Section 9.4. Notice to Holders of Default. If an Event of Default occurs of which the Trustee is by Section 8.1 hereof required to take notice or if written notice of Event of Default is given as therein provided, then the Trustee shall promptly give written notice thereof to the Bondholders.

Section 9.5. Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interests of Holders of Subordinate Bonds, the Trustee may intervene on behalf of Holders and shall do so if requested in writing by the Holders of at least twenty-five percent (25%) of the aggregate principal amount of Outstanding Subordinate Bonds. The rights and obligations of the Trustee under this Section are subject to the approval of a court of competent jurisdiction in the premises.

Section 9.6. Successor Trustee. Any corporation, association or agency into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor trustee and paying agent under this Subordinate Indenture and vested with all of the title to the Trust Estate, and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 9.7. Resignation by Trustee. The Trustee and any successor trustee may at any time resign from the trusts hereby created by giving thirty (30) days' written notice to the Issuer and to the Borrower and by first class mail to each Holder of Subordinate Bonds as shown on the Bond Register, and such resignation shall take effect upon the appointment of a successor trustee by the Holders or by the Issuer. Such notice to the Issuer and the Borrower may be served personally or sent by registered mail. If no successor trustee is appointed within thirty (3) days of the Trustee's resignation, the Trustee may petition a court of competent jurisdiction to appoint a replacement.

Section 9.8. Removal of Trustee. The Trustee may be removed at any time upon thirty (30) days' written notice by an instrument or concurrent instruments in writing delivered to the Trustee, to the Borrower and to the Issuer, and signed by the Holders of a majority in aggregate principal amount of then Outstanding Subordinate Bonds. Such removal shall only take effect upon the appointment of a successor trustee.

Section 9.9. Appointment of Successor Trustee. In case the Trustee shall resign or be removed, or be dissolved or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Holders of a majority in aggregate principal amount of the then Outstanding Subordinate Bonds, by an instrument or concurrent instruments in writing signed by such Holders, or by their attorney-in-fact, duly authorized. Nevertheless, in case of such vacancy the Issuer may (but shall not be obligated to) appoint a temporary trustee to fill such vacancy until a successor trustee shall be appointed by the Holders in the manner above provided, and any such temporary trustee so appointed by the Issuer shall immediately and without further act be superseded by the trustee so appointed by such Holders. Every such Trustee appointed pursuant to the provisions of this Section 9.9 shall be a trust company or bank having trust powers and having a reported capital and surplus not less than \$50,000,000, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

Section 9.10. Acceptance by Successor Trustees. Every successor trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, to the Borrower and also to the Issuer, an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessors as Trustee and Paying Agent, but such predecessor shall, nevertheless, on the written request of the Issuer, or of its successor trustee, execute and deliver an instrument transferring to such successor trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder, and every predecessor Trustee shall deliver all securities and money held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor trustee, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer (at the sole cost and expense of the Borrower). The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article, shall be

forthwith filed or recorded or both by the successor trustee in each recording office where this Subordinate Indenture shall have been filed or recorded or both.

Section 9.11. Right of Trustee to Pay Taxes and Other Charges. If any tax, assessment or governmental or other charge upon any part of the Trust Estate is not paid as required herein, the Trustee may pay such tax, assessment or charge, without prejudice, however, to any rights of the Trustee or the Bondholders hereunder arising in consequence of such failure, and any amount at any time so paid under this Section, or under the Subordinate Loan Agreement, with interest thereon (to the extent permitted by law) from the date of such payment until paid to the Trustee in full at a rate per annum equal to the prime rate, shall become so much additional indebtedness secured hereby, and the same shall be given a preference in payment over the principal of and the interest on, the Subordinate Bonds and shall be paid out of the revenues and receipts from the Trust Estate, if not otherwise caused to be paid. The Trustee shall not be under an obligation to make any such payment unless it shall have been requested to do so by the Holders of at least twenty-five percent (25%) in principal amount of the Subordinate Bonds then Outstanding and shall have been provided with sufficient money for the purpose of making such payment.

Section 9.12. Trustee Protected in Relying Upon Resolutions. The resolutions, orders, requisitions, opinions, certificates and other instruments provided for in this Subordinate Indenture may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee.

Section 9.13. Successor Trustee as Custodian of Bond Fund and Paying Agent. In the event of a change in the office of the Trustee, the predecessor trustee which has resigned or been removed shall cease to be custodian of the funds described in Article 5 hereof and shall cease to act as the Paying Agent for principal and interest on the Subordinate Bonds, and the successor trustee shall be and become such custodian and Paying Agent.

Section 9.14. Co-Trustee. At any time or times, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Trust Estate may at the time be located, the Issuer and the Trustee shall have the power to appoint, and, upon the request of the Trustee or of the Holders of at least fifty-one percent (51%) in aggregate principal amount of the then Outstanding Subordinate Bonds, the Issuer shall (at the sole cost and expense of the Borrower) for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint one or more persons approved by the Trustee either to act as co-trustee or co-trustees, jointly with the Trustee, of all or any part of the Trust Estate, or to act as separate trustee or separate trustees of all or any part of the Trust Estate, and to vest in such person or persons, in such capacity, such right to the Trust Estate or any part thereof, and such rights, powers, duties, trusts or obligations as the Issuer and the Trustee may consider necessary or desirable subject to the remaining provisions of this Section 9.14.

If the Issuer shall not have joined in such appointment within fifteen (15) days after the receipt by it of a request so to do, or in case an Event of Default shall have occurred and be continuing, the Trustee alone shall have power to make such appointment.

The Issuer shall (at the sole cost and expense of the Borrower) execute, acknowledge and deliver all such instruments as may be required by any such co-trustee or separate trustee for more fully confirming such title, rights, powers, trusts, duties and obligations to such co-trustee or separate trustee.

Every co-trustee or separate trustee shall, to the extent permitted by law but to such extent only, be appointed subject to the following terms, namely:

(1) The Subordinate Bonds shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Subordinate Indenture conferred upon the Trustee in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by the Trustee.

(2) All rights, powers, trusts, duties and obligations conferred or imposed upon the trustees shall be conferred or imposed upon and exercised or performed by the Trustee, or by the Trustee and such co-trustee or co-trustees or separate trustee or separate trustees jointly, as shall be provided in the instrument appointing such co-trustee or co-trustees or separate trustee or separate trustees, except to the extent that, under the law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-trustee or co-trustees or separate trustee or separate trustees.

(3) Any request in writing by the Trustee to any co-trustee or separate trustee to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking, or the refraining from taking, of such action by such co-trustee or separate trustee.

(4) Any co-trustee or separate trustee may delegate to the Trustee the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(5) The Trustee at any time, by an instrument in writing, with the concurrence of the Issuer, may accept the resignation of or remove any co-trustee or separate trustee appointed under this Section 9.14, and, in case of a continuing Event of Default the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Issuer. Upon the request of the Trustee, the Issuer shall (at the sole cost and expense of the Borrower) join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee so resigned or removed may be appointed in the manner provided in this Section 9.14.

(6) The Trustee shall not be liable for any act or omission, in the absence of bad faith when the Trustee reasonably believes the act or failure to act is authorized and within its powers to perform under this Subordinate Indenture. No trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder.

(7) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing delivered to the Trustee shall be deemed to have been delivered to each co-trustee or separate trustee.

(8) Any money, papers, securities or other items of personal property received by any such co-trustee or separate trustee hereunder shall forthwith, so far as may be permitted by law, be turned over to the Trustee.

Upon the acceptance in writing of such appointment by any such co-trustee or separate trustee, it or he shall be vested with such interest in and to the Trust Estate or any part thereof, and with such rights, powers, duties or obligations, as shall be specified in the instrument of appointment jointly with the Trustee (except insofar as local law makes it necessary for any such co-trustee or separate trustee to act alone) subject to all the terms of this Subordinate Indenture. Every such acceptance shall be filed with the Trustee. Any co-trustee or separate trustee may, at any time by an instrument in writing, constitute the Trustee its or such person's attorney-in-fact and agent, with full power and authority to do all acts and things and to exercise all discretion on its or such person's behalf and in its or such person's name.

In case any co-trustee or separate trustee shall die, become incapable of acting, resign or be removed, the title to the Trust Estate and all rights, powers, trusts, duties and obligations of said co-trustee or separate trustee shall, so far as permitted by law, vest in and be exercised by the Trustee unless and until a successor co-trustee or separate trustee shall be appointed in the manner herein provided.

Section 9.15. Obligation to Trustee as to Reporting. The Trustee shall, at the request of the Borrower, cause to be filed any reports lawfully required by any public agency to be filed under any applicable security laws and any other reports lawfully required by any public agency to be filed under the Act or any other applicable state law. For this purpose the Trustee is entitled to require the Borrower to cause to be furnished to the Trustee whatever information is necessary to comply with such reporting requirements at the Borrower's sole expense.

Section 9.16. Successor Paying Agent. The provisions of Sections 9.6 through 9.10 hereof with respect to removal, resignation and appointment of a successor trustee shall be equally applicable to resignation, removal and appointment of a successor to the Paying Agent. The Trustee shall be eligible for appointment as successor to the Paying Agent.

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ARTICLE 10

SUPPLEMENTAL INDENTURES

Section 10.1. Supplemental Indentures Not Requiring Consent of Bondholders. The Issuer and the Trustee may, from time to time and at any time, without the consent of, or notice to, any of the Holders, and when so required by this Subordinate Indenture shall, enter into an indenture or indentures supplemental to this Subordinate Indenture as shall not be inconsistent with the terms and provisions hereof (which supplemental indenture or indentures shall thereafter form a part hereof), so as to thereby (1) cure any ambiguity or formal defect or omission in this Subordinate Indenture or in any supplemental indenture; (2) grant to or confer upon the Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Trustee; (3) more precisely identify the Trust Estate, or any other property which may become a part of the Trust Estate; (4) subject to the lien and pledge of this Subordinate Indenture additional revenues, properties or collateral; (5) evidence the appointment of a separate trustee or a co-trustee or the succession of a new Trustee and/or Paying Agent hereunder; (6) modify, eliminate and/or add to the provisions of this Subordinate Indenture to such extent as shall be necessary to prevent any interest on the Subordinate Bonds from becoming taxable under the federal income tax laws or to effect the qualification of this Subordinate Indenture under the Trust Indenture Act of 1939, as then amended, or under any similar Federal statute hereafter enacted, and to add to this Subordinate Indenture such other provisions as may be expressly permitted by said Trust Indenture Act of 1939, excluding however the provisions referred to in Section 316(a)(2) of said Trust Indenture Act of 1939; (7) make any other change which is required by any provision of this Subordinate Indenture or which is necessary to reconcile this Subordinate Indenture with the Subordinate Loan Documents, or any amendments thereto; or (8) make any other change which is necessary or desirable and will not materially prejudice any non-consenting Holder of a Subordinate Bond.

Section 10.2. Supplemental Indentures Requiring Consent of Holders. Exclusive of supplemental indentures covered by Section 10.1 hereof and subject to the terms and provisions contained in this Section, and not otherwise, the Trustee, upon receipt of an instrument evidencing the consent to the below-mentioned supplemental indenture by the Holders of not less than a majority of the aggregate principal amount of the then Outstanding Subordinate Bonds, shall join with the Issuer in the execution of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Subordinate Indenture or in any supplemental indenture, provided, however, that nothing herein contained shall permit or be construed as permitting (1) an extension of the maturity of the principal or of the interest on any Subordinate Bond issued hereunder; (2) a reduction in the principal amount of any Subordinate Bond or the rate of interest thereon or any premium thereon; (3) a privilege or priority of any Subordinate Bond or Subordinate Bonds over any other Subordinate Bond or Subordinate Bonds except as may be otherwise expressly provided herein; (4) a reduction in the aggregate principal amount of the Subordinate Bonds required for consent to such supplemental indenture; or (5) modifying any of the provisions of this Section without the consent of the Holders of seventy-five percent (75%) of the principal amount of all Subordinate Bonds adversely affected thereby (“75% Bondholders’ Consent”).

If at any time the Issuer shall request in writing the Trustee to enter into any such supplemental indenture for any of the purposes of this Section which does not require 75% Bondholders’ Consent, the Trustee shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such supplemental indenture to be mailed by first class mail, postage prepaid, to the Holders of the Subordinate Bonds at the addresses shown on the Bond Register. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that copies thereof are on file at the principal office of the Trustee for inspection by all Bondholders. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure to mail such notice to any particular Bondholder

if notice was generally mailed to Bondholders, and any such failure shall not affect the validity of such supplemental indenture when consented to and approved as provided in this Section. If the Holders of not less than a majority in aggregate principal amount of the then Outstanding Subordinate Bonds at the time of the execution of any such supplemental indenture shall have consented to and approved the execution thereof as herein provided, no Holder of any Subordinate Bond shall have any right to object to any of the terms and provisions contained herein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such supplemental indenture as in this Section permitted and provided, this Subordinate Indenture shall be and is deemed to be modified and amended in accordance herewith.

Anything herein to the contrary notwithstanding, a supplemental indenture under this Article 10 which adversely affects the right of the Borrower under the Subordinate Loan Agreement shall not become effective unless and until the Borrower shall have consented (either in writing or by inaction as provided below) to the execution and delivery of such supplemental indenture. In this regard, the Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture, together with a copy of the proposed supplemental indenture, to be mailed by certified or registered mail to the Borrower and its investor limited partner at least thirty (30) days prior to the proposed date of execution and delivery of any such supplemental indenture. The Borrower shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Trustee does not receive (i) a letter signed by a Borrower Representative of protest or objection thereto or (ii) a letter signed by a representative of the investor limited partner of the Borrower of protest or objection thereto on or before 4:30 P.M., CST of the fifteenth day after the mailing of said notice and a copy of the proposed supplemental indenture to the Borrower unless such fifteenth day falls on a day which is not a Business Day, in which event the letter of objection must be received on the next succeeding Business Day.

Section 10.3. Rights of Trustee. If, in the opinion of the Trustee, any supplemental indenture provided for in this Article affects the rights, duties or immunities of the Trustee under this Subordinate Indenture or otherwise, the Trustee may, in its discretion, decline to execute such supplemental indenture, except to the extent that this may be required in the case of a supplemental indenture entered into under Section 10.1 hereunder. The Trustee shall be entitled to receive, and shall be fully protected in relying upon, an opinion of Independent Counsel as conclusive evidence that any such supplemental indenture conforms to the requirements of this Subordinate Indenture.

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ARTICLE 11

AMENDMENTS TO SUBORDINATE LOAN DOCUMENTS

Section 11.1. Amendments Not Requiring Bondholder Consent. The Issuer and/or the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Subordinate Loan Documents:

- (1) which may be required or permitted without Bondholder consent by the provisions of the Subordinate Loan Documents or this Subordinate Indenture;
- (2) for the purpose of curing any ambiguity or formal defect or omission;
- (3) to reconcile the Collateral Documents or Subordinate Loan Documents with any amendment or supplement to this Subordinate Indenture; or
- (4) to effect any other change to the Subordinate Loan Documents which will not materially prejudice any non-consenting Holder of a Subordinate Bond.

Section 11.2 Amendments Requiring Bondholder Consent. Except for amendments, changes or modifications as provided in Section 11.1 hereof, neither the Issuer nor the Trustee shall consent to any other amendment, change or modification of the Subordinate Loan Documents, without the giving of notice and the written approval or consent of the Holders of not less than a majority in aggregate principal amount of the Subordinate Bonds then Outstanding given and procured as provided in this Section; provided that in no event shall such amendment, change or modification relieve the Borrower of the obligation under the Subordinate Loan Documents to make when and as due any payments required for the payment of principal, interest and any premium due or to become due on the Subordinate Bonds unless the consent of the Holders of all Subordinate Bonds adversely affected thereby is first secured.

If at any time the Issuer and the Borrower shall request the consent of the Trustee to any such proposed amendment, change or modification of any Subordinate Loan Document, the Borrower shall request consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall, upon being indemnified to its satisfaction, determined in its sole and absolute discretion with respect to expenses (including reasonable attorneys' fees, costs and expenses), cause notice of such proposed amendment, change or modification to be given in the same manner as provided in Section 10.2 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Holders. The Trustee shall not, however, be subject to any liability to any Holder by reason of its failure to mail such notice to any particular Bondholder if notice was generally mailed to Bondholders, and any such failure shall not affect the validity of such amendment, change or modification when consented to and approved as provided in this Section. If the Holders of not less than a majority in aggregate principal amount of the Subordinate Bonds then Outstanding at the time of the execution of any such amendment shall consent to the execution thereof as herein provided, no Holder of any Subordinate Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such amendment, the affected Subordinate Loan Document shall be deemed to be modified and amended in accordance therewith. Without 75% Bondholder Consent, nothing in this Section contained shall permit or be construed as permitting any reduction in the payments required to be made (i) by Section 4.2 of the Subordinate Loan Agreement or (ii) permitting a reduction or change in the Stated Maturities of the Subordinate Bonds.

ARTICLE 12

MISCELLANEOUS PROVISIONS

Section 12.1. Consent of Holders. Any consent, request, direction, approval, objection or other instrument required by this Subordinate Indenture to be signed and executed by the Holders may be in any number of concurrent writings of similar tenor and must be signed or executed by such Holders in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent and of the ownership of Subordinate Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Subordinate Indenture, and shall be conclusive in favor of the Trustee with regard to any action taken by it under such request or other instrument, namely:

(1) The fact and date of the execution by any Person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the Person signing such writing acknowledged before him or her the execution thereof, or by an affidavit of any witness to such execution.

(2) The fact of the ownership by any Person of Subordinate Bonds and the amounts and numbers of such Subordinate Bonds, and the date of the holding of the same, may be proved only by reference to the Bond Register.

Section 12.2. Third Party Beneficiaries; Rights Under Indenture. Each of the Indemnified Parties, other than the Issuer and the Trustee, are intended third party beneficiaries of this Subordinate Indenture. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Subordinate Indenture or the Subordinate Bonds is intended or shall be construed to give any person or company other than the parties hereto, the Indemnified Parties, and the Bondholders, any legal or equitable right, remedy, or claim under or in respect to this Subordinate Indenture or any covenants, conditions and provisions herein contained; this Subordinate Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Indemnified Parties, and the Holders of the Subordinate Bonds hereby secured as herein provided.

Section 12.3. Meetings of Bondholders.

(1) A meeting of Bondholders may be called at any time and from time to time pursuant to this Section to facilitate any of the following purposes:

(a) to give any notice to the Issuer, the Borrower or the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any default under this Subordinate Indenture, or to take any other action authorized to be taken by the Bondholders under this Subordinate Indenture;

(b) to remove the Trustee or to appoint a successor trustee pursuant to Sections 9.7 and 9.8 hereof;

(c) to consent to the execution of a supplemental indenture pursuant to Section 10.2 hereof, or to consent to the execution of an amendment, change or modification of any Related Loan Document pursuant to Section 11.2 hereof; or

(d) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Subordinate Bonds under any other provision of this Subordinate Indenture or under applicable law.

(2) Meetings of Bondholders may be held at such place or places as the Trustee or, in case of its failure to act, the Bondholders calling the meeting, shall from time to time determine.

(3) The Trustee may at any time call a meeting of Bondholders to be held at such time and at such place as the Trustee shall determine. Notice of every meeting of Bondholders setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed by first class mail, postage prepaid, to the Holders of the Subordinate Bonds at the address shown on the Bond Register. Any failure of the Trustee to mail such notice to a particular Bondholder, or any defect therein shall not, however, in any way impair or affect the validity of any such meeting if notice was generally mailed to Bondholders. In the event that the Holders of at least ten percent (10%) in aggregate principal amount of the Outstanding Subordinate Bonds shall have requested the Trustee to call a meeting of the Bondholders by written request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have accomplished the mailing of notice of such meeting within twenty (20) days after receipt of such request, then such Bondholders may determine the time and the place for such meeting and may call such meeting to take any action authorized in subsection (1) above by giving notice of such meeting in accordance with the provisions of this subsection (3).

(4) To be entitled to vote at any meeting of Bondholders, a person shall be a Holder of one or more Subordinate Bonds Outstanding, or a person appointed by an instrument in writing as proxy for a Bondholder by such Bondholder. The only persons who shall be entitled to be present or to speak at any meeting of Bondholders shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee, Borrower, and Issuer and their counsel.

(5) Notwithstanding any other provisions of this Subordinate Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Bondholders in regard to proof of the ownership of Subordinate Bonds and of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall deem appropriate. Except as otherwise permitted or required by any such regulations, the ownership of Subordinate Bonds shall be proved in the manner specified in Section 12.1 hereof and the appointment of any proxy shall be proved in the manner specified in said Section or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker or trust company authorized by said Section to certify to the ownership of Subordinate Bonds:

(a) The Trustee or, if the Bondholders have called the meeting, the Bondholders shall, by an instrument in writing, appoint a temporary chairperson of the meeting. A permanent chairperson and a permanent secretary of the meeting shall be elected by vote of the Holders of a majority of the Subordinate Bonds represented at the meeting and entitled to vote.

(b) At any meeting such Bondholder or proxy shall be entitled to one vote for each \$5,000 of principal amount of Outstanding Subordinate Bonds owned or represented by him or her, provided, however, that no vote shall be cast or counted at any meeting in respect of any Subordinate Bond challenged as not Outstanding and ruled by the chairperson of the meeting to be not Outstanding. The chairperson of the meeting shall have no right to vote, except as a Bondholder or proxy.

(c) At any meeting of Bondholders, the presence of persons owning or representing Subordinate Bonds in an aggregate principal amount sufficient under the appropriate provision of this Subordinate Indenture to take action upon the business for the transaction of which such meeting was called shall constitute a quorum. Any meeting of Bondholders duly called pursuant to this Section may be adjourned from time to time by vote of the Holders (or proxies for the Holders) of a majority of the Subordinate Bonds represented at the meeting and entitled to vote, whether or not a quorum shall be present, and the meeting may be held as so adjourned without further notice.

(6) The vote upon any resolution submitted to any meeting of Bondholders shall be by written ballots on which shall be subscribed the signatures of the Bondholders or of their proxies and the number or numbers of the Subordinate Bonds Outstanding held or represented by them. The permanent chairperson of the meeting shall appoint two (2) inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in triplicate of all votes cast at the meeting. A record, at least in triplicate, of the proceedings of each meeting of Bondholders shall be prepared by the secretary of the meeting. The original reports of the inspectors of votes on any vote by ballot taken at such meeting, and affidavits by one or more persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was published or mailed as provided in this Section shall be attached to such record. Each copy shall be signed and verified by the affidavits of the permanent chairperson and secretary of the meeting and one (1) such copy shall be delivered to the Issuer, another to the Borrower and another to the Trustee to be preserved by the Trustee, which copy shall have attached thereto the ballots voted at the meeting. Any record so signed and verified shall be conclusive evidence of the matters therein stated.

(7) At any time prior to the preparation of the record of the meeting in accordance with the terms of this Section for delivery to the Trustee evidencing the taking of any action by the Holders of the percentage in aggregate principal amount of the Subordinate Bonds specified in this Subordinate Indenture in connection with such action, any Holder of a Subordinate Bond the number of which is included in the Subordinate Bonds, the Holders of which have consented to such action, may, by filing written notice with the Trustee at its designated corporate trust office and upon proof of holding as provided in Section 12.1 hereof, revoke such consent so far as it concerns such Subordinate Bond. Except as aforesaid, any such consent given by the Holder of any Subordinate Bond shall be conclusive and binding upon such Holder and upon all future Holders and owners of such Subordinate Bond and of any Subordinate Bond issued in exchange therefor, upon transfer thereof, or in lieu thereof, irrespective of whether or not any notation in regard thereto is made upon such Subordinate Bond. Any action taken by the Holders of the percentage in aggregate principal amount of the Subordinate Bonds specified in this Subordinate Indenture in connection with such action shall be conclusively binding upon the Issuer, the Borrower, the Trustee and the Holders of all the Subordinate Bonds.

Section 12.4. Severability. If any provision of this Subordinate Indenture shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions of any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any phrase, sentence, clause or paragraph in this Subordinate Indenture contained shall not affect the remaining portions of this Subordinate Indenture or any part thereof.

Section 12.5. Notices. All notices, certificates or other communications hereunder shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below. The Issuer, the Borrower, the Bondholders and the Trustee may, by written notice given by each to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Subordinate Indenture. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer: Manor Housing Public Facility Corporation
105 E. Eggleston Street
Manor, Texas 78653
Attn: General Manager

With a copy to: Bickerstaff Heath Delgado Acosta LLP
1601 S. MoPac Expressway
Austin, Texas 78746
Attention: Gregory Miller
Telephone: (512) 472-8021
Email: [gmiller@bickerstaff.com](mailto:gmilller@bickerstaff.com)

To the Borrower: Manor Leased Housing Associates I, Limited Partnership

c/o Dominion Development & Acquisition, LLC
4835 Lyndon B Johnson Fwy, Suite 1000
Dallas, Texas 75244
Attn: Neal M. Route and Mark S. Moorhouse

with copies to: Winthrop & Weinstine P.A.
(which copy shall not constitute notice to Borrower)
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402-4629
Attention: Jeffrey S. Drennan, Esq.
Email: jdrennan@winthrop.com
Telephone: (612) 604-6730

To the Colliers: Colliers Securities LLC

90 South Seventh Street, Suite 4300
Minneapolis, Minnesota 55402

Attention: Frank J. Hogan, Senior Vice President To the Trustee: BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attn: Rosalyn Davis

Section 12.6. Required Approvals. Consents and approvals required by this Subordinate Indenture to be obtained from the Borrower, the Issuer or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

Section 12.7. Counterparts. This Subordinate Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 12.8. Limitation of Liability of Issuer Indemnified Parties.

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

(2) Immunity of Issuer Indemnified Parties. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Subordinate Indenture, any other Issuer Documents, or in any Subordinate Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Subordinate Bonds, against any of the Issuer Indemnified Parties, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any of the Issuer Indemnified Parties, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into by the Issuer with the Borrower or the Trustee, or to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each and every Issuer Indemnified Party (to the extent any such liability exists) is, by the execution of the Subordinate Bonds, this Subordinate Indenture, and the other Issuer Documents, and as a condition of, and as part of the consideration for, the execution of the Subordinate Bonds, this Subordinate Indenture, and the other Issuer Documents, is expressly waived and released.

(3) No Pecuniary Liability of Issuer. No agreements or provisions contained herein, or any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale, remarketing, and/or delivery of the Subordinate Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Subordinate Bonds and their application as provided in this Subordinate Indenture. No failure of the Issuer to comply with any term, covenant, or agreement contained in the Subordinate Bonds, this Subordinate Indenture or the Subordinate Loan Agreement, or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Subordinate Bonds, shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent the same can be paid or recovered from the revenues pledged for the payment of the Subordinate Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer for any failure to comply with any term, condition, covenant, or agreement herein; provided that no costs, expenses,

or other monetary relief shall be recoverable from the Issuer, except as may be payable from the revenues pledged under this Subordinate Indenture for the payment of the Subordinate Bonds. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against the Issuer's general credit. In making the agreements, provisions, and covenants set forth in this Subordinate Indenture, the Issuer has not obligated itself, except with respect to the application of the revenues pledged in this Subordinate Indenture for the payment of the Subordinate Bonds.

THE SUBORDINATE BONDS, THE PREMIUM IF ANY, AND THE INTEREST THEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SUBORDINATE BONDS DO NOT CONSTITUTE A DEBT OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE SUBORDINATE BONDS SHALL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SUBORDINATE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, PROGRAM MANAGER, MEMBER, COUNSEL, ADVISOR, EMPLOYEE, CONTRACTOR, CONSULTANT, EXECUTIVE DIRECTOR OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, PROGRAM MANAGERS, MEMBERS, COUNSEL, ADVISORS, EMPLOYEES, CONTRACTORS, CONSULTANTS, EXECUTIVE DIRECTORS OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE SUBORDINATE BONDS.

Section 12.9. Amounts Remaining in Funds. Upon expiration or sooner termination of the Subordinate Loan Agreement as provided therein and after adequate provision has been made to discharge the Subordinate Bonds in accordance with Article 7 hereof and make all other payments required hereunder and under the Subordinate Loan Agreement, the Trustee forthwith shall, pay all remaining amounts in the funds established in Article 5 hereof to the Borrower.

Section 12.10. Electronic Signatures. The parties agree that the electronic signature of a party to this Subordinate Indenture shall be as valid as an original signature of such party and shall be effective to bind such party to this Subordinate Indenture, and furthermore, the Trustee shall bear no liability for reliance on any electronic signature. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message. The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent in writing or by electronic means. If a party elects to give the instructions by electronic means, the Trustee may deem such instructions controlling. The

Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The Issuer agrees to assume all risks arising out of the use of such electronic means to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 12.11. Governing Law. This Subordinate Indenture and the Subordinate Bonds shall be governed by and construed in accordance with the laws and judicial decisions of the State, without reference to any choice of law principles except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Subordinate Indenture against the Issuer shall be brought and maintained in the District Court of Travis County, Texas, the United States Western District Court, or any United States Bankruptcy Court in any case involving the Borrower, the Guarantor or the Project.

Section 12.12. Reserved.

Section 12.13. Survival. Notwithstanding the payment in full of the Subordinate Bonds, the discharge of this Subordinate Indenture, the termination or expiration of the Subordinate Loan Agreement, and the resignation or removal of the Trustee, all provisions in this Subordinate Indenture concerning (a) the tax-exempt status of the Subordinate Bonds (including, but not limited to provisions concerning rebate), (b) the interpretation of this Subordinate Indenture, (c) the governing law, (d) the forum for resolving disputes, (e) the Issuer's right to rely on facts or certificates, (f) the indemnity of the Issuer Indemnified Parties and Trustee Indemnified Parties from liability (pecuniary or otherwise) and their rights to receive payment and or reimbursement with respect thereto, (g) the Trustee's right to receive its Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses, and (h) the lack of pecuniary liability of the Issuer and the State, including without limitation all obligations of the Borrower under Sections 7.4, 7.7, 7.8, 10.10, 10.12, 10.13, and 10.14 of the Subordinate Loan Agreement, shall survive and remain in full force and effect.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Issuer and the Trustee have executed this Subordinate Indenture of Trust as of the date and year first written above.

**MANOR HOUSING PUBLIC FACILITY
CORPORATION, as Issuer**

By: _____
Scott Moore, General Manager

(Subordinate Indenture of Trust – Tower Road Apartments, Series 2024)

Execution page of the Trustee to the Subordinate Indenture of Trust, dated as of the date and year first written above.

BOKF, NA

By: _____
Rosalyn Davis, Vice President

(Subordinate Indenture of Trust – Tower Road Apartments, Series 2024)

EXHIBIT A
FORM OF SUBORDINATE BOND

THIS SUBORDINATE BOND MAY ONLY BE TRANSFERRED, IN WHOLE OR IN PART, (I) TO A QUALIFIED INSTITUTIONAL BUYER AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) (A “QUALIFIED INSTITUTIONAL BUYER”), (II) TO AN “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(A) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT (AN “ACCREDITED INVESTOR”), (III) TO A PERSON WHO QUALIFIES AS A QUALIFIED INSTITUTIONAL BUYER IN A TRANSACTION COMPLYING WITH RULE 144A, PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE RESALE OR OTHER TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A AND PROVIDED THIS SUBORDINATE BOND CARRIES A UNIQUE IDENTIFYING NUMBER (CUSIP NUMBER) LIMITED TO QUALIFIED INSTITUTIONAL BUYERS AND ARE TRADED AT DTC IN THE DTC PORTAL RESTRICTED TO RULE 144A SECURITIES AND QUALIFIED INSTITUTIONAL BUYERS, OR (IV) BY A DEPOSIT OR SALE OF THIS SUBORDINATE BOND IN OR TO A TRUST OR CUSTODIAL ENTITY OR ARRANGEMENT, OR ANY REPURCHASE TRANSACTION OR OTHER SECURED LENDING TRANSACTION IN WHICH TITLE, RIGHTS, OR INTEREST IN THIS SUBORDINATE BOND ARE GRANTED TO A BUYER OR TRANSFEREE, WITH RESPECT TO WHICH, IN EACH SALE, EACH OF THE BENEFICIAL OWNERS OF WHICH ARE THE TYPE OF INVESTORS DESCRIBED IN (I) OR (II).

No. R-1 \$_____

MANOR HOUSING PUBLIC FACILITY CORPORATION
SUBORDINATE MULTIFAMILY HOUSING REVENUE BOND
(TOWER ROAD APARTMENTS), SERIES 2024

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP Number</u>
7.00% Current Interest Rate and 7% Accrual Interest Rate	May 1, 2064	[, 2024]	

REGISTERED HOLDER: CEDE & CO.

PRINCIPAL AMOUNT: FOUR MILLION AND NO/100 (\$4,000,000)

(1) KNOW ALL PERSONS BY THESE PRESENTS that the Manor Housing Public Facility Corporation, Texas public facility corporation (the “Issuer”), for value received, hereby promises to pay (but only out of the revenues and other assets pledged under the Subordinate Indenture (hereinafter defined)) to the registered holder named above, or registered assigns, but from the Available Revenue and other Trust Money pledged under the Subordinate Indenture of Trust, dated as of October __, 2024 (the “Subordinate Indenture”), between the Issuer and BOKF, NA, as trustee (the “Trustee”), and upon

presentation and surrender hereof at the designated corporate trust office of the Trustee named below, the principal sum specified above, on the maturity date specified above, or, if this Subordinate Bond is prepayable as stated below from Available Revenue which include amounts that are required to be paid under the terms of the Guaranty, or a prior date on which it shall have been duly called for redemption, and to pay interest on said principal sum to the Record Date Holder hereof, as defined below, (i) monthly on the first day of each month, commencing [December] 1, 2024 (each an “Interest Payment Date”) as described in the Subordinate Indenture, the Current Interest Rate Amount, and (ii) each May 1, commencing after the Deferred Developer Fee is paid in full, the Accrual Interest Rate Amount, as described in the Subordinate Indenture. All capitalized terms used in this Subordinate Bond and not defined herein shall have the meanings granted to them in the Subordinate Indenture. All accrued interest until the principal sum is paid or discharged at the rate per annum specified above shall be computed on the basis of a three hundred sixty (360) day year consisting of twelve (12) thirty (30) day months. The Accrual Interest Rate shall accrue on a simple basis and any unpaid Accrual Interest Rate Amount shall not compound.

This Subordinate Bond shall bear interest from the Date of Original Issue set forth above, or in the case of transfer or exchange, from the most recent Interest Payment Date to which interest has been paid or provided for. The “Record Date Holder” is the person in whose name this Subordinate Bond is registered in the Bond Register maintained by the Trustee named below or its successor in trust (the “Registered Holder” or “Holder” hereof) on the fifteenth day of the calendar month next preceding each Interest Payment Date, whether or not such day is a Business Day. Interest shall be payable by check or draft mailed to the Registered Holder at his or her address as it appears on the Bond Register on the Record Date, except as otherwise provided in the Subordinate Indenture.

The principal of and interest and premium, if any, on this Subordinate Bond are payable in lawful money of the United States of America. Upon notice to the Trustee accompanied by proper wire instructions, any Holder of Subordinate Bonds in an aggregate principal amount equal to or greater than \$500,000 may elect to be paid the interest on such Subordinate Bonds payable on any Interest Payment Date by Federal Reserve System wire transfer in immediately available funds to any bank in the United States which is a member of the Federal Reserve System and specified by such Holder.

Interest not timely paid or duly provided for will be paid by check mailed to the person in whose name this Subordinate Bond is registered on the Bond Register at the close of business on a date (the “Special Record Date”) fixed by the Trustee, notice of which is to be mailed to all Bondholders.

Capitalized terms used herein that are otherwise not defined shall have the meanings assigned such terms in the Subordinate Indenture.

(2) This Subordinate Bond is one of an issue designated as the Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “Subordinate Bonds”), in the original aggregate principal amount of \$4,000,000, all of like nominal date of original issue and tenor, except as to number, amount, rate, and redemption privilege, issued in accordance with the Subordinate Indenture, pursuant to the provisions of Chapter 303 of the Texas Local Government Code (the “Act”). The Subordinate Bonds are equally and ratably secured and entitled to the protection of the Subordinate Indenture. The proceeds from the sale of the Subordinate Bonds will be used to make a loan to Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “Borrower”), in order to finance and/or refinance, as applicable, a portion of the costs of: (a) the acquisition, construction, development, improvement, equipping and/or operating of a qualified residential rental facility (including improvements and facilities which are functionally related and subordinate thereto), which is expected to be comprised of approximately 324 units (a portion of which will be set aside for occupancy by low- to moderate-income tenants and common space amenities situated at 12100 Tower Road, Manor, Texas 78653; (b) paying capitalized interest on the Subordinate Bonds, if any; and (c) paying fees, expenses and

costs incurred in connection with the authorization, issuance and sale of such Subordinate Bonds (collectively, the “Project”). The Borrower has agreed under a Subordinate Loan Agreement, dated as of October 1, 2024 (the “Loan Agreement”), between the Issuer and the Borrower, to repay all amounts necessary to repay the Subordinate Bonds, together with interest thereon, in amounts and at times sufficient to pay the principal of, premium, if any, and interest on the Subordinate Bonds as the same shall become due and payable (the “Basic Payments”). Pursuant to the Subordinate Indenture, the Issuer has assigned and pledged to the Trustee, for the equal and ratable benefit of the Holders of the Subordinate Bonds, the Basic Payments due under the Subordinate Loan Agreement. By a Subordinate Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated as of October ___, 2024 (the “Subordinate Mortgage”), from the Borrower in favor of the Trustee, the Borrower has granted to the Trustee a subordinate mortgage lien on and security interest in substantially all of the real and personal property comprising the Project (the “Mortgaged Property”). The Borrower, the Issuer, the Trustee, and BOKF, NA, as fiscal agent (the “Fiscal Agent”) with respect to the Senior Note, have entered into a Regulatory Agreement and Declaration of Restrictive Covenants of even date herewith (the “Regulatory Agreement”) requiring the Borrower to comply with certain requirements of federal and state law relating to the operation of the Project as a multifamily rental housing project. Proceeds of the Subordinate Bonds will be disbursed to or for the benefit of the Borrower pursuant to the Subordinate Indenture and the Subordinate Loan Agreement.

(3) Reference is hereby made to the Subordinate Loan Agreement, the Subordinate Indenture, the Subordinate Mortgage, and the Regulatory Agreement, including all indentures supplemental thereto, for a description of the Mortgaged Property, the provisions, among others, with respect to the nature and extent of the security, the rights of the Issuer, and the rights, duties and obligations of the Borrower, the Trustee and the Holders of the Subordinate Bonds and the terms upon which the Subordinate Bonds are issued and secured.

(4) To the extent Available Revenue and other Trust Money is not sufficient to pay the Interest Rate Amount due on an Interest Payment Date, such amount shall not compound. Except for the payment due on Maturity, the obligation to make payments of the Interest Rate Amount is subject to the requirements of Section 5.5 of the Subordinate Indenture and it shall not be an event of default under the Subordinate Bonds to the extent that failure to make a payment is due to lack of Surplus Cash to make such payments. Subject to the preceding sentence, in the event any payment is not made as required by Section 5.5 of the Subordinate Indenture, the payment not made shall continue as an obligation until the amount not paid shall have been fully paid. To the extent permitted by law, interest on any overdue payment required by the Subordinate Indenture shall be paid at the Default Rate.

(5) The Subordinate Bonds are subject to redemption prior to maturity as provided in Section 3.1 of the Subordinate Indenture.

(6) In the case of any partial redemption of the Subordinate Bonds, the particular Bonds to be redeemed shall be selected by the Trustee by lot and the Subordinate Bonds shall be redeemed in the principal amounts specified in the Subordinate Indenture. Any Subordinate Bond which is to be redeemed only in part shall be surrendered to the Trustee (i) for payment of the Redemption Price (including accrued interest thereon to the Redemption Date) of the portion thereof called for redemption and (ii) for exchange for Subordinate Bonds in any Authorized Denomination in aggregate principal amount equal to the unredeemed portion of such Subordinate Bond without charge therefor.

(7) Notice of redemption shall be mailed at least twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption to each Registered Holder of a Subordinate Bond to be redeemed. All Bonds so called for redemption, provided funds for their redemption have been duly deposited, will cease to bear interest on the specified Redemption Date and (except for the purpose of payment) shall no

longer be protected by the Subordinate Indenture and shall not be deemed Outstanding under the Subordinate Indenture, and shall thereafter be payable solely from the funds provided for payment.

Notwithstanding the foregoing, notice of any redemption pursuant to Section 3.1(1) of the Subordinate Indenture may provide that the redemption is conditioned on the deposit of sufficient moneys for payment of the Redemption Price on or prior to the Redemption Date. If the notice is conditioned upon moneys being on deposit with the Trustee in an amount sufficient to pay the Redemption Price on the Redemption Date, the notice shall state such condition and that such redemption shall not be effective unless such condition is met.

(8) In addition to the foregoing, if under certain circumstances an Event of Default, as defined in the Subordinate Indenture, shall occur, the principal of all the Subordinate Bonds and all interest accrued thereon may, without prior notice to the Bondholders, be declared due and payable in the manner and with the effect provided in the Subordinate Loan Agreement and Indenture and the Interest Rate on the Subordinate Bonds may adjust to the Defaulted Rate.

(9) This Subordinate Bond and the series of which it forms a part are issued pursuant to and in full compliance with the Constitution and laws of the State, including the Act, and pursuant to resolutions adopted and approved by the Board of Directors of the Issuer on October 16, 2024, which resolutions authorized the financing of the Project and the execution and delivery of the Subordinate Indenture, and the issuance of the Subordinate Bonds as special, limited obligations payable solely from Available Revenue (as defined in the Subordinate Indenture) derived from the Subordinate Loan Agreement except that under certain circumstances the Subordinate Bonds may be payable from Subordinate Bond proceeds. The Subordinate Loan repayments under the Subordinate Loan Agreement are scheduled to be sufficient to pay the principal of, premium, if any, and interest on the Subordinate Bonds as the same become due and payable and are to be paid to the Trustee for the account of the Issuer and credited to the Bond Fund as a special trust fund account created by the Issuer and have been and are hereby pledged for that purpose.

(10) THE SUBORDINATE BONDS, THE PREMIUM IF ANY, AND THE INTEREST THEREON IS A SPECIAL LIMITED OBLIGATION OF THE ISSUER, PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THIS SUBORDINATE BOND DOES NOT CONSTITUTE A DEBT OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF. THIS SUBORDINATE BOND SHALL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT SHALL BE A SPECIAL LIMITED OBLIGATION OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE SUBORDINATE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS SUBORDINATE BOND AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, EXECUTIVE DIRECTOR, PROGRAM MANAGER, MEMBER, COUNSEL, ADVISOR, CONTRACTOR, CONSULTANT, EMPLOYEE OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EXECUTIVE DIRECTORS, PROGRAM MANAGERS, MEMBERS,

COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THIS SUBORDINATE BOND.

(11) The Registered Holder of this Subordinate Bond shall have no right to enforce the provisions of the Subordinate Indenture or to institute action to enforce the covenants therein, or to take any action with respect to any Event of Default under the Subordinate Indenture, or to institute, appear in or defend any suit or other proceedings with respect thereto, except as provided in the Subordinate Indenture. Modifications or alterations of the Subordinate Indenture, or of any indenture supplemental thereto, may be made only to the extent and in the circumstances permitted by the Subordinate Indenture.

(12) With the consent of the Issuer, the Borrower and the Trustee, as appropriate, and to the extent permitted by and as provided in the Subordinate Indenture, the terms and provisions of the Subordinate Indenture, the Subordinate Loan Agreement, or of any instrument supplemental thereto relating to the Subordinate Bonds, may be modified or altered by the consent of the Registered Holders of at least a majority in aggregate principal amount of the Subordinate Bonds then Outstanding thereunder.

(13) The Subordinate Indenture also contains provisions permitting Holders of a majority in aggregate principal amount of the Subordinate Bonds at the time Outstanding, on behalf of all the Holders of all the Subordinate Bonds, to waive compliance by the Issuer with certain provisions of the Subordinate Indenture and certain past defaults under the Subordinate Indenture and their consequences. Any such consent or waiver by the Registered Holder of this Subordinate Bond shall be conclusive and binding upon such Registered Holder and on all future Registered Holders of this Subordinate Bond and of any Subordinate Bond issued in lieu hereof whether or not notation of such consent or waiver is made upon this Subordinate Bond.

(14) The Subordinate Bonds are issued as fully registered Subordinate Bonds without coupons in the Authorized Denominations. The Subordinate Bonds are interchangeable for one or more Subordinate Bonds in Authorized Denominations and of the same series, aggregate principal amount, interest rate and maturity date, upon surrender thereof by the Holder at the principal office of the Trustee, in the manner and subject to the limitations provided in the Subordinate Indenture. The Issuer, the Trustee and any additional paying agents may deem and treat the Registered Holder hereof as the absolute owner hereof (whether or not this Subordinate Bond shall be overdue) for the purpose of receiving payment of or on account of principal hereof and interest (except as otherwise hereinabove provided with respect to the Record Date) due hereon and for all other purposes, and the Issuer, the Trustee and any additional paying agents shall not be affected by any notice to the contrary.

(15) Subject to the limitations provided in the Subordinate Indenture, this Subordinate Bond is only transferable by the Registered Holder hereof upon surrender of this Subordinate Bond for transfer at the designated corporate trust office of the Trustee, duly endorsed or accompanied by a written instrument or instruments of transfer in the form printed on this Subordinate Bond or in another form satisfactory to the Trustee and executed and with guaranty of signature by the Registered Holder hereof or such Registered Holder's attorney duly authorized in writing, containing written instructions as to the details of the transfer of the Subordinate Bond. Thereupon the Issuer shall execute (if necessary, and at the sole cost and expense of the Borrower) and the Trustee shall authenticate and deliver, in exchange for this Subordinate Bond, one or more new Subordinate Bonds in the name of the transferee (but not registered in blank or to "bearer" or a similar designation), of an Authorized Denomination, in aggregate principal amount equal to the principal amount of this Subordinate Bond, of the same maturity, and bearing interest at the same rate.

(16) No service charge shall be made to the Registered Holder for any registration, transfer or exchange hereinbefore referred to, but the Trustee may require payment of a sum sufficient to cover any

tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of Subordinate Bonds, other than exchanges expressly provided in the Subordinate Indenture to be made without charge to Bondholders.

(17) IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the execution and delivery of the Subordinate Indenture and the issuance of this Subordinate Bond do exist, have happened and have been performed in due time, form and manner, as required by law, and that the issuance of this Subordinate Bond and the series of which it forms a part, together with all other obligations of the Issuer, does not exceed or violate any constitutional or statutory limitation.

(18) This Subordinate Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Subordinate Indenture unless the Certificate of Authentication hereon shall have been executed by the Trustee.

IN WITNESS WHEREOF, the Issuer has caused this Subordinate Bond to be executed by the manual or facsimile signature of its Executive Director and by the manual signature of a Responsible Officer of the Trustee acting as authenticating agent.

MANOR HOUSING PUBLIC FACILITY CORPORATION, as Issuer

By: _____
Scott Moore, General Manager

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____, 2024

BOKF, NA, as Trustee

By: _____
Authorized Signer

ASSIGNMENT

For value received, the undersigned hereby sells, assigns and transfers unto _____ the within Subordinate Bond and does hereby irrevocably constitute and appoint attorney to transfer the Subordinate Bond on the books kept for the registration thereof, with full power of substitution in the premises.

Dated: _____

Notice: The assignor's signature to this assignment must correspond with the name as it appears upon the face of the within Subordinate Bond in every particular, without alteration or any change whatever.

Signature Guaranteed:

Signature(s) must be guaranteed by a member of a Medallion Signature Program.

The Trustee will not effect transfer of this Subordinate Bond unless the information concerning the transferee requested below is provided.

Name and Address: _____

(Include information for all joint owners if the Subordinate Bond is held by joint account)

Insert social security or other identifying number of Transferee

EXHIBIT B

FORM OF DEFERRED DEVELOPER FEE CERTIFICATION

BOKF, NA
Corporate Trust Services
1401 McKinney, Suite 1000
Houston, Texas 77010
Attn: Rosalyn Davis

Manor Housing Public Facility Corporation
Manor, Texas

Re: \$_____ Manor Housing Public Facility Corporation Subordinate Multifamily
Housing Revenue Bonds (Tower Road Apartments) Series 2024

Manor Leased Housing Development I, LLC, a Minnesota limited liability company, hereby certifies that as of _____, the Deferred Developer Fee (as defined in the Subordinate Indenture of Trust, dated October 1, 2024, between the Manor Housing Public Facility Corporation and BOKF, NA) owed Manor Leased Housing Development I, LLC, a Minnesota limited liability company, has been paid in full.

Manor Leased Housing Associates I, Limited Partnership,
a Texas limited partnership

By: MHPFC TRGP1 LLC,
a Teas limited liability company
Its: General Partner

By: Manor Housing Public Facility Corporation
Its: Sole Member

By: _____
Name:
Its:

Subordinate Loan Agreement

between

Manor Housing Public Facility Corporation,
as Issuer

and

Manor Leased Housing Associates I,
Limited Partnership,
as Borrower

Dated as of October 1, 2024

Relating to:

\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

Pursuant to a Subordinate Indenture of Trust dated as of October 1, 2024, the rights of the Manor Housing Public Facility Corporation (“MPFC”) hereunder, other than MPFC’s Unassigned Rights (as defined in the Subordinate Indenture of Trust referred to above), have been assigned to BOKF, NA, as trustee under such Subordinate Indenture of Trust.

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Exhibit A — Form of Subordinate Note

Subordinate Loan Agreement

This Subordinate Loan Agreement, dated as of October 1, 2024 (this “*Subordinate Loan Agreement*”), is by and between Manor Housing Public Facility Corporation, a Texas public nonprofit housing finance corporation created and existing pursuant to Chapter 303, Texas Local Government Code, as amended (the “*Act*”), (together with its successors and assigns, the “*Issuer*”), and Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership duly organized and validly existing under the laws of the State of Texas (the “*Borrower*”).

Witnesseth:

Reference is hereby made to the Subordinate Indenture of Trust, dated as of October 1, 2024 (the “*Subordinate Indenture*”), between the Issuer and BOKF, NA, a national banking association (the “*Trustee*”), for the recitals and the definitions of various terms used herein.

In consideration of the premises, the respective representations and agreements contained herein, and for other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payments to be made by the Borrower pursuant to Article 4 hereof and the performance of all the covenants of the Borrower contained herein, the parties hereto agree as follows:

Article 1 Definitions and Miscellaneous

Section 1.1. Definitions. The terms defined in Section 1.1 of the Subordinate Indenture, when used in this Subordinate Loan Agreement, shall have the meanings specified in that Section.

Section 1.2. Legal Description of Project Premises. The Project Premises are legally described in Exhibit A attached to the Subordinate Mortgage.

Section 1.3. Borrower’s Acts. Where the Borrower is permitted or required to do or accomplish any act or thing hereunder, the Borrower may cause the same to be done or accomplished by a third party selected by the Borrower with the same force and effect as if done or accomplished by the Borrower.

Section 1.4. Rules of Interpretation. (1) This Subordinate Loan Agreement shall be interpreted in accordance with and governed by the laws of the State of Texas (the “*State*”).

(2) The words “herein,” “hereof” and “hereunder” and words of similar import, without reference to any particular section or subdivision, refer to this Subordinate Loan Agreement as a whole rather than to any particular section or subdivision of this Subordinate Loan Agreement.

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

(4) All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles, and all computations provided for herein shall be made in accordance with generally accepted accounting principles consistently applied and applied on the same basis as in prior years.

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

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

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

(8) For purposes of this Subordinate Loan Agreement and the Subordinate Indenture, an Act of Bankruptcy shall be deemed no longer in effect if the petition initiating the Act of Bankruptcy is dismissed by order of a court of competent jurisdiction and no further appeal rights exist from such order.

(9) Any opinion of counsel required hereunder shall be a written opinion of such counsel.

(10) References to the Subordinate Bonds as “tax exempt” or to the “tax-exempt status of the Subordinate Bonds” are to the exclusion of interest on the Subordinate Bonds from gross income pursuant to Section 103(a) of the Code, irrespective of such forms of taxation as the alternative minimum tax or branch profits tax on foreign corporations, as is consistent with the approach taken in Section 59(i) of the Code.

Article 2

Representations of Issuer and Borrower

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

(1) The Issuer is a Texas public nonprofit housing finance corporation created and existing under the Constitution and laws of the State.

(2) The Issuer has found, based on the representations of the Borrower, and hereby declares that the issuance of the Subordinate Bonds to assist the financing and/or refinancing of the Project is in furtherance of the public purposes set forth in the Act.

(3) In order to finance and/or refinance the costs of the Project, in an amount estimated by the Borrower, the Issuer has duly authorized the execution, delivery, and performance on its part of the Placement Agent Agreement, the Subordinate Indenture and this Subordinate Loan Agreement.

(4) To accomplish the foregoing, the Issuer proposes to issue \$4,000,000 in aggregate principal amount of its Subordinate Bonds immediately following the execution and delivery of this Subordinate Loan Agreement. The date, denomination or denominations, interest rate or rates, maturity schedule, redemption provisions and other pertinent provisions with respect to the Subordinate Bonds are set forth in the Subordinate Indenture.

(5) The Issuer makes no representation or warranty that the amount of the Subordinate Loan will be adequate or sufficient to finance and/or the Project or that the Project will be adequate or sufficient for the purposes of the Borrower.

(6) The Issuer has not pledged, assigned, or granted, and will not pledge, assign, or grant any of its rights or interest in or under this Subordinate Loan Agreement for any purpose other than as provided for in the Subordinate Indenture.

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

(1) The Borrower is a limited partnership duly organized under the laws of the State, is duly authorized to conduct its business in the State, has power to enter into the Senior Loan Documents and the Subordinate Loan Documents to which it is a party, and to use the Project for the purpose set forth in the Funding Loan Agreement, the Borrower Loan Agreement, and this Subordinate Loan Agreement and by proper action has authorized the execution and delivery of the Senior Loan Documents and the Subordinate Loan Documents to which it is a party, and has approved the Subordinate Indenture.

(2) The execution and delivery of the Subordinate Loan Documents to which it is a party, and the consummation of the transactions contemplated thereby, and the fulfillment of the terms and conditions thereof do not and will not conflict with or result in a breach of any of the terms or conditions of the LPA or the Senior Loan Documents, any restriction or any agreement or instrument to which the Borrower is now a party or by which it is bound or to which any property of the Borrower is subject, and do not and will not constitute a default under any of the foregoing, or cause the Borrower to be in violation of any order, decree, statute, rule or regulation of any court or any state or federal regulatory body having jurisdiction over the Borrower or its properties, including the Project, and do not and will not result in the creation or imposition of any lien, charge or encumbrance of any nature upon any of the property or assets of the Borrower contrary to the terms of any instrument or agreement to which the Borrower is a party or by which it is bound.

(3) The design and plan of the Project comprise a multifamily rental housing development and the Project is a “project” within the provisions of the Act; and subject to the other provisions of this Subordinate Loan Agreement, it is presently intended and reasonably expected that the equipment, if any, purchased from the proceeds of the Subordinate Bonds will be permanently located and exclusively used on the Project Premises and that the Borrower will own and operate the Project on the Project Premises throughout the Term of Loan Agreement in the normal conduct of the Borrower’s business.

(4) The Project and the operation of the Project following construction of the Project, will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

(5) During the term of this Subordinate Loan Agreement, the Borrower intends to and will utilize or cause the Project to be utilized as a “project” within the meaning of the Act as in effect on the date hereof.

(6) There is (or will be after the completion of the construction of the Project) public access to the Project, and, as of the date of completion of the Project, the use of the Project will comply, in all material respects, with all presently applicable development, pollution control, water conservation and other laws, regulations, rules and ordinances of the federal government and the State and the respective agencies thereof and the political subdivisions in which the Project is located (or, to the extent the Project does not so comply, correcting such noncompliance is a part of the scope of the construction of the Project); the Borrower has obtained or will obtain all necessary approvals of and licenses, permits, consents and franchises from federal, state, county, municipal or other governmental authorities having jurisdiction over the Project to acquire, construct, install, and operate the Project and to enter into, execute and perform its obligations under this Subordinate Loan Agreement and the other Borrower Documents.

(7) The sum of the proceeds of the Subordinate Bonds and the proceeds of the Senior Bonds together with any other funds to be contributed to the Project by the Borrower or otherwise in accordance with this Subordinate Loan Agreement, will be sufficient to pay the cost of constructing the Project in a manner suitable for operation as a multifamily housing development as required in Article 3 hereof.

(8) The Subordinate Bonds are issued within the exemption provided under Section 142(d) of the Code with respect to residential rental property, and “substantially all” of the proceeds of the Subordinate Bonds will be used for expenditures chargeable to the capital account of the Project.

(9) A major inducement to the Borrower to rehabilitate and equip the Project was the source of financing provided under the Act and the assurance the Borrower received from the Issuer that such financing would be made available to the Borrower; all Project Costs heretofore incurred by the Borrower for which the Borrower will seek reimbursement from the proceeds of the Subordinate Bonds were incurred in anticipation of reimbursement from the proceeds of the Subordinate Bonds, if such proceeds should become available on terms acceptable to the Borrower; the Borrower investigated the possibility of such financing prior to incurring such Project Costs; and the Borrower did not commence construction of the Project more than sixty (60) days prior to [June 24, 2020], which is the date on which the Board of Directors of the Issuer gave preliminary approval to the Project and the financing thereof in whole or part through the Subordinate Bonds, and adopted a statement of official intent to reimburse an original expenditure pursuant to Section 1.150-2 of the Treasury Regulations.

(10) The Borrower is not in the trade or business of selling properties such as the Project and the Borrower is acquiring the Project for investment purposes only or otherwise for use by the Borrower in its trade or business; therefore, the Borrower has no intention, now or in the foreseeable future to voluntarily sell, surrender or otherwise transfer, in whole or part, its interest in the Project, except as contemplated by the partnership agreement of the Borrower.

(11) There are no actions, suits, or proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower or any property of the Borrower in any court or before any federal, state, municipal or other governmental agency, which, if decided adversely to the Borrower, would have a material adverse effect upon the Borrower or upon the business or properties of the Borrower or upon the validity or enforceability of the instruments referred to in subsection (1) above, or the ability of the Borrower to perform its obligations thereunder, and the Borrower is not in default with respect to any order of any court or governmental agency.

(12) The Borrower is not in default in the payment of the principal of or interest on any indebtedness for borrowed money nor in default under any instrument or agreement under and subject to which any indebtedness for borrowed money has been issued.

(13) The Borrower has filed all federal and state income tax returns which, to the knowledge of the Borrower, are required to be filed and has paid all taxes shown on said returns and all assessments and governmental charges received by it to the extent that they have become due.

(14) To the best of the Borrower's knowledge, none of the Issuer Indemnified Parties has any significant or conflicting interest, financial, employment, or otherwise, in the Borrower, the Project, or in any of the transactions contemplated under the Borrower Documents.

(15) There has been no materially adverse change in the financial condition, prospects, or business affairs of the Borrower or the feasibility or physical condition of the Project subsequent to the date on which the Issuer granted its resolution approving the issuance of the Subordinate Bonds.

(16) The Borrower (a) understands the nature of the structure of the transactions related to the financing and/or refinancing of the Project; (b) is familiar with all the provisions of the documents and instruments related to such financing to which the Borrower or the Issuer is a party or which the Borrower is a beneficiary; (c) understands the risk inherent in such transactions, including, without limitation, the risk of loss of the Project; and (d) has not relied on the Issuer for any guidance or expertise in analyzing the financial consequences of such financing transactions or otherwise relied on the Issuer in any manner, except to issue the Subordinate Bonds in order to provide funds for the Subordinate Loan.

(17) Except for the Senior Obligations and the Equity Bridge Bonds, no other obligations have been or will be issued under Section 103 of the Code which are sold at substantially the same time as the Subordinate Bonds, pursuant to the same plan of financing, which are reasonably expected to be paid out of substantially the same source of funds as the Subordinate Bonds.

(18) The Project will be eligible for low income housing tax credits under Section 42 of the Code.

(19) The Borrower's federal employer identification number is 93-3664597.

(20) The Borrower hereby acknowledges receipt of the Subordinate Indenture and the Senior Loan Documents and agrees to be bound by their terms.

(21) Neither the representations of the Borrower contained in the Borrower Documents nor any oral or written statement, furnished by or on behalf of the Borrower to the Issuer or Colliers in connection with the transactions contemplated hereby, contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained herein or therein not misleading. There are no facts that the Borrower has not disclosed to the Issuer or Colliers of the Subordinate Bonds in writing that materially and adversely affect or in the future may (so far as the Borrower can now reasonably foresee) materially and adversely affect the properties, business, prospects, profits, or condition (financial or otherwise) of the Borrower, or the ability of the Borrower to perform its obligations under the Borrower Documents or any documents or transactions contemplated hereby or thereby.

(22) All representations of the Borrower contained herein or in any certificate or other instrument delivered by the Borrower pursuant hereto, to the Subordinate Indenture, or in connection with the transactions contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale, and delivery of the Subordinate Bonds as representations of facts existing as of the date of execution and delivery of the instrument containing such representation.

Article 3 Completion of Project

Section 3.1. Construction and Equipping of Project by Borrower. In connection with the acquisition, construction, and equipping of the Project, the Borrower represents and covenants as follows:

(1) *Construction and Equipping.* The Borrower will construct and equip the Project within the boundary lines of the Project Premises and will provide all other improvements, access roads, utilities, parking facilities, and other items required for a facility fully operable for use as a multifamily residential rental property or otherwise required by the jurisdiction for which the property is located in.

(2) *Completion.* The Borrower will rehabilitate the Project as promptly as practicable with all reasonable dispatch and in any event no later than December 1, 2027, except only as completion may be delayed by strikes, riots or acts of God or the public enemy, shortages of materials or supplies or any other reason beyond the reasonable control of the Borrower for which a reasonable extension of the time of completion shall be granted as determined by the Issuer, *provided* that if the Project is not completed by that date there shall be no resulting liability on the part of the Issuer and no abatement or diminution in the payments required to be made by the Borrower under Article 4 hereof.

Section 3.2. Payment of Project Costs by Borrower. The Borrower agrees that it will provide any and all money required for the prompt and full payment of all sums required to complete the Project, including all of the following items (the “*Project Costs*”) which the Issuer agrees will be payable or reimbursable from available money in the Project Fund from and to the extent and in the manner provided in Section 3.5 hereof and subject to the provisions of the Act and the Code:

(1) all expenses incurred and to be incurred in connection with the acquisition, construction, improvement, equipping and operation of the Project, the contract price of all labor, services, materials, supplies and equipment furnished under any contract for construction of the Project, any developer fee or construction management fee or other amounts incurred in connection therewith, including the cost of all equipment and all appurtenances thereto, and of all rights-of-way for access and utility connections to and from the Project, and all fees required for recording all financing statements and any real estate documents;

(2) the expense of preparation of the plans and specifications for the Project, including utilities, and all other facilities necessary or desirable in connection therewith, and all other architectural, engineering and supervisory services incurred and to be incurred in the planning, construction and completion of the Project;

(3) all legal fees and expenses (including those of Bond Counsel and counsel to the Issuer, Borrower, Colliers, and Trustee), abstractors’, financial and accounting fees and expenses, administrative and rating agency fees (if any), costs and expenses of any Rebate Analyst, printing and engraving costs and other expenses incurred and to be incurred on or before or in connection with the Completion Date with respect to (i) the establishment of title to the Project Premises, (ii) the authorization, sale and issuance of the Subordinate Bonds, (iii) the preparation of this Subordinate Loan Agreement, the Subordinate Indenture, the Regulatory Agreement, and all other documents necessary to the Date of Issuance or required by this Subordinate Loan Agreement or the Subordinate Indenture, (iv) the establishment of the Completion Date, including compliance with any governmental or administrative rules or regulations on or before such date, or (v) the administrative charges imposed by the Issuer pursuant to Section 4.3(2) hereof in connection with the issuance of the Subordinate Bonds;

(4) premiums on all insurance (including any title insurance) required to be taken out and maintained during the period before the Completion Date;

(5) all expenses incurred in seeking to enforce any remedy against any contractor, or any subcontractor or any supplier in respect of any default under any contract with such Person;

(6) all deed taxes, mortgage registry taxes, recording fees and other taxes, charges and assessments and license and registration fees of every nature whatsoever incurred and to be incurred in connection with construction or completion of the Project including the financing thereof;

(7) the cost of all other labor, services, materials, supplies and equipment necessary to complete the construction and equipping of the Project;

(8) all fees and expenses of the Trustee and Paying Agent under the Subordinate Indenture that become due on or before the Completion Date or in connection with the establishment of the Completion Date; and

(9) without limitation by the foregoing, all other expenses which under accepted accounting practice constitute necessary capital expenditures for the completion of the Project or issuance of the Subordinate Bonds, not including Working Capital Expenses (all of which are nevertheless to be supplied by the Borrower from its own funds without reimbursement).

All Project Costs may be paid or reimbursed from available money in the Project Fund to the extent and in the manner permitted in Section 3.5 hereof. If, however, such money, together with and the proceeds of any other funds and any other funds of the Borrower contributed to the Project Costs or otherwise in accordance with this Subordinate Loan Agreement, is insufficient to pay in full Project Costs payable therefrom or are otherwise unavailable to pay any Project Costs, the Borrower shall nevertheless promptly pay so much of such Project Costs as may be in excess of such available money in the Project Fund or shall, at the request of the Trustee, forthwith pay over to the Trustee such money as is necessary to pay such Project Costs. The Borrower shall not by reason of the payment of such excess Project Costs be entitled to any reimbursement from the Issuer in excess of any money available therefor in the Project Fund or for any abatement or diminution of the Basic Payments or Additional Charges.

Section 3.3. Authorization by Issuer. In accordance with the Act, the Borrower is authorized by the Issuer, and the Borrower, pursuant to such authorization, agrees:

(1) to acquire, improve, construct and equip the Project as provided in Section 3.1 hereof, upon the Project Premises;

(2) to make, execute, acknowledge and deliver any contracts, orders, receipts, writings and instructions, with any other Persons, and in general to do all things which may be requisite or proper for constructing and equipping the Project;

(3) pursuant to the provisions of this Subordinate Loan Agreement, to pay all fees, costs and expenses incurred in the construction and equipping of the Project from

funds made available therefor in accordance with this Subordinate Loan Agreement or otherwise subject to the right to contest such fees, costs and expenses; and

(4) so long as the Borrower is not in default under any of the provisions of this Subordinate Loan Agreement to exercise all authority hereby conferred, which is granted and conferred irrevocably to the Completion Date and thereafter until all activities in connection with the construction and equipping of the Project shall have been completed.

Neither the authorization granted in this Section nor any other provision of this Subordinate Loan Agreement shall be construed as making the Borrower an agent or joint venturer with the Issuer.

Section 3.4. Issuance of Subordinate Bonds. The Issuer and Borrower have contracted for the sale of the Subordinate Bonds authorized by the Subordinate Indenture, and the Borrower has and does approve the terms of the Subordinate Indenture. Forthwith upon execution of the Subordinate Indenture, the Subordinate Loan Documents, and all other documents required to be executed by the aforementioned documents, or as soon thereafter as practicable, the Issuer will execute the Subordinate Bonds and cause them to be authenticated by the Trustee and delivered to Colliers upon payment of the purchase price of the Subordinate Bonds and filing with the Trustee the opinion of Bond Counsel as to the validity of the Subordinate Bonds and the furnishing of all other documents required by this Subordinate Loan Agreement, the Placement Agent Agreement, and the Subordinate Indenture to be furnished before delivery.

If for any reason such documents are not furnished and the approving opinion of Bond Counsel in customary form cannot be obtained, then this Subordinate Loan Agreement shall be terminated and be void and of no effect and the Borrower shall be obligated to pay all costs and expenses enumerated in Section 3.2 hereof and incurred on or before the date of such termination.

Section 3.5. Proceeds of Subordinate Bonds. On the Date of Issuance, the proceeds of the Subordinate Bonds will be deposited in the various funds and accounts established under the Subordinate Indenture or disbursed for Project Costs as set forth in the Closing Memorandum.

Section 3.6. [Reserved].

Section 3.7. Establishment of Completion Date. Within one hundred eighty (180) days of the Completion Date, any balance remaining in the Project Fund shall be transferred to the Bond Fund held by the Trustee and established under the Subordinate Indenture and shall be used by the Trustee (a) to redeem the largest number of Subordinate Bonds callable, without premium or penalty, under the terms of the Subordinate Indenture at the first opportunity or (b) to pay principal due on the Subordinate Bonds, in accordance with Sections 5.4(5) and 5.5(8) of the Subordinate Indenture.

Section 3.8. [Reserved].

Section 3.9. Enforcement of Contract. In the event of default of any contractor or subcontractor under any construction contract or in the event of a breach of warranty with respect

to any materials, workmanship or performance, the Borrower will promptly proceed, either separately or in conjunction with others, to exhaust its remedies against the contractor, subcontractor or vendor in default and against any surety on a bond securing the performance of such contract, *provided, however*, that the Borrower may on the advice of its counsel and with the Trustee's consent refrain from exhausting such remedies if determined by the Borrower not to be in its best interests and not necessary to complete the Project. The Borrower will promptly advise the Trustee of the steps it intends to take in connection with any such default. Any amounts recovered pursuant to any bond or by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery, other than any amounts resulting from the loss of income, shall be paid into the Project Fund if received before the Completion Date, and otherwise shall be paid into the Bond Fund.

Section 3.10. Title Insurance. In connection with the issuance of the Subordinate Bonds, the Borrower agrees to furnish the Trustee with a commitment for a mortgagee's policy of title insurance and a title insurance policy issued by Title in an amount not less than the original principal amount of the Subordinate Bonds, insuring the following:

- (1) that fee title to the Project Premises in in the name of the Borrower;
- (2) that the Subordinate Mortgage is a subordinate mortgage lien upon the Project Premises subject to the Senior Mortgage and the other Permitted Exceptions; and
- (3) that the Project and its use do not violate any zoning or other use restrictions covering the Project Premises and provides the coverage included within the standard zoning endorsement.

Such title insurance policy must also waive and insure over the following standard exceptions: (a) facts which would be disclosed by a comprehensive survey of the premises; (b) mechanics', contractors', or materialmen's liens and lien claims; and (c) right of parties in possession.

Notwithstanding the foregoing, the Trustee shall have no duty to review or analyze such commitment or the insurance policy.

Article 4

The Subordinate Loan, Basic Payments, Additional Charges and Additional Financing

Section 4.1. The Subordinate Loan. The Issuer agrees, upon the terms and conditions herein specified, to lend to the Borrower the proceeds received by the Issuer from the sale of the Subordinate Bonds, by causing such proceeds to be deposited with the Trustee for disposition as provided herein and in the Subordinate Indenture. The amount of the Subordinate Loan shall be deemed to include any "discount" or any other amount by which the aggregate price at which the Issuer sells the Subordinate Bonds to Colliers is less than the aggregate principal amount of the Subordinate Bonds, and the obligation of the Issuer to make the Subordinate Loan shall be deemed

fully discharged upon so depositing the proceeds of the Subordinate Bonds with the Trustee. The Borrower's obligation to repay the Subordinate Loan shall be evidenced by the Subordinate Note, the form of which is attached hereto as Exhibit A.

Section 4.2. Basic Payments. Subject to the Borrower's right of prepayment granted in Section 8.2 hereof, the Borrower agrees to pay the Subordinate Note and repay the Subordinate Loan in installments of Basic Payments as follows:

(1) During the Term of this Subordinate Loan Agreement, and subject to the prior pledge by the Borrower to make payments under the] Project Loan Agreement], the Borrower shall make Basic Payments under this Subordinate Loan Agreement in immediately available funds as follows:

(a) The Borrower shall make Basic Payments as follows:

(i) with respect to the Current Interest Rate, commencing in November 1, 2027 and until Maturity, on or before each Interest Payment Date, the amount required to pay the Current Interest Rate Amount on the next succeeding Interest Payment Date for such Current Interest Rate Amount (payments of interest due on the Subordinate Bonds for the Current Interest Rate portion of the Interest Rate prior to [____ 20__] shall be paid by the Trustee from capitalized interest amounts on deposit in the Current Interest Rate Account of the Bond Fund);

(ii) with respect to the Accrual Interest Rate, commencing the first month after the payment in full of all Deferred Developer Fees as certified in writing by the Borrower to the Trustee and the Issuer (in a form of certificate attached hereto as Exhibit B of the Subordinate Indenture) until Maturity, on or before each Accrual Interest Rate Payment Date, the Borrower shall pay the amount of available Surplus Cash to the accrued and unpaid Accrual Interest Rate Amount until all accrued and unpaid interest derived from the Accrual Interest Rate of the Interest Rate has been paid and when all accrued and unpaid interest derived from the Accrual Interest Rate has been paid, then the Accrual Interest Rate Amount due on the next succeeding Interest Payment Date; and

(iii) on or before May 1 of each year, commencing on May 1, 2055 and continuing thereafter, in an amount which will equal the total principal due (through maturity or as a result of mandatory sinking fund redemption) on the next Principal Payment Date (including principal due pursuant to the Mandatory Redemption Schedule after taking into account any credit to which the Borrower may be entitled under Section 3.1(2) of the Subordinate Indenture). There shall be credited against such payments amounts deposited in the Bond Fund interest earnings retained in or credited to the Bond Fund. Interest payments due pursuant to (i) above shall be made by utilizing capitalized interest deposited in the Current Interest Rate Account on the Date of Issuance and the earnings on such funds until those funds are depleted (and such transfers will be deemed to be Basic Payments of such interest by the Borrower).

(b) In any event the sum of the Basic Payments payable under this Section and amounts deposited in the Bond Fund shall be sufficient to pay all principal, interest and premium, if any, on the Subordinate Bonds as such principal and interest become due, at Maturity, upon redemption, acceleration or otherwise, and accordingly if on the Business Day immediately preceding each Maturity Date the balance in the Bond Fund is not sufficient for this purpose, the Borrower will make a Basic Payment on such Business Day to cure the deficiency.

(c) In addition, if the Borrower has not timely made any required Basic Payments, then the Guarantor shall be requested in writing to make the payment under the terms of the Guaranty to cure such deficiency under the requirements of Section 5.5 of the Subordinate Indenture.

(d) With respect to the payments of the Accrual Interest Rate Amount as described in 4.2(1)(a)(ii) above the following concepts apply: (i) the Guaranty shall not to be drawn upon to pay the Accrual Interest Rate Amount unless the Subordinate Bonds have been accelerated or at Maturity (the payment of the Accrual Interest Rate Amount is intended to be primarily from Surplus Cash until such time as the Subordinate Bonds are accelerated or at Maturity) and (ii) the “regularly scheduled” payments of the Accrued Interest Rate Amount are intended to be paid from Surplus Cash annually after the payment of the Current Interest Rate Amount (the Current Interest Rate Amount is paid first and then the Accrual Interest Rate Amount is paid not more frequently than annually as described in the Subordinate Indenture and Section 4.2(1)(a)(ii) above).

(2) All payments of Basic Payments shall be made directly to the Trustee at its designated corporate trust office, for the account of the Issuer and shall be deposited by the Trustee in the Bond Fund. In the event the Borrower should fail to make any of the payments required in this Section 4.2, the item so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon (including to the extent permitted by law, interest on overdue installments of interest) at the rate borne by the respective Subordinate Bonds as to which such default exists.

(3) Except during the continuance of an Event of Default, all available remaining sums on deposit in the Bond Fund not credited against currently payable installments of Basic Payments or applied as provided in Section 7.8, 8.2 or 8.4 hereof shall be credited against the last installments of Basic Payments.

(4) In no event shall any purchase of any Subordinate Bonds made by or on behalf of the Borrower result in the discharge of either (a) the Subordinate Bonds so purchased; (b) the obligations under this Section 4.2 to make Basic Payments relating to the Subordinate Bonds so purchased; or (c) the Subordinate Note or the Subordinate Loan made hereunder to the extent of the Subordinate Bonds so purchased, unless and to the extent the Subordinate Bonds so purchased are surrendered to the Trustee and canceled.

(5) Basic Payments shall be made solely from Available Revenue.

Section 4.3. Additional Charges. The Borrower agrees to pay, when due, each and all of the following:

(1) to or upon the order of the Trustee, when due, all reasonable fees, costs, expenses, and charges of the Trustee for services rendered under the Subordinate Indenture, including any extraordinary services, including its Ordinary Trustee Fees and Expenses and Extraordinary Trustee Fees and Expenses and all reasonable fees, costs, expenses, and charges of the Paying Agent, registrars, legal counsel, accountants, engineers, public agencies and others incurred in the performance on request of the Trustee of services

required under the Subordinate Indenture for which the Trustee and such other Persons are entitled to payment or reimbursement, *provided* that the Borrower may, without creating a default hereunder, contest in good faith the necessity or reasonableness of any such services, fees, costs, expenses, or charges;

(2) to the Issuer, the Issuer Fee and any other Issuer Fees and Expenses (including Issuer Late Fees, if any);

(3) to the Trustee, the amount of all advances made by the Trustee, if any, with interest thereon, as provided in Section 5.4 hereof;

(4) to the Issuer or Trustee, as the case may be, interest at the rate equal to one percent (1%) over the prime rate on each payment commencing on the date when due and required in this Section to be made to the Issuer or Trustee, if not made when due and if not advanced by the Trustee under the Subordinate Indenture;

(5) any costs incurred by the Trustee or the Issuer in the preparation of printed bonds;

(6) to the Rebate Analyst, the Rebate Analyst's fees, costs, and expenses; and

(7) payments for the Issuer's Unassigned Rights and any indemnity payments required to be paid by Borrower under any of the Subordinate Loan Documents.

Section 4.4. Borrower's Obligations Unconditional. All Basic Payments and Additional Charges and all other payments required of the Borrower hereunder shall be paid from Available Revenue without notice or demand and without set-off, counterclaim, or defense for any reason and without abatement or deduction or defense (except as provided in Sections 8.2 and 9.13 hereof). The Borrower will not suspend or discontinue any such payments, and will perform and observe all of its other agreements in this Subordinate Loan Agreement, and, except as expressly permitted in Sections 7.8 and 8.4 hereof, will not terminate this Subordinate Loan Agreement for any cause, including but not limited to any acts or circumstances that may constitute failure of consideration, destruction or damage to the Project or the Borrower's business, the taking of the Project or the Borrower's business by Condemnation or otherwise, the lawful prohibition of the Borrower's use of the Project or the Borrower's business, the interference with such use by any Person, the invalidity or unenforceability or lack of due authorization or other infirmity of this Subordinate Loan Agreement, the lack of right, power or authority of the Issuer to enter into this Subordinate Loan Agreement, eviction by paramount title, commercial frustration of purpose, bankruptcy or insolvency of the Issuer or Trustee, change in the tax or other laws or administrative rulings or actions of the United States of America or of the State or any political subdivision thereof, or failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Subordinate Loan Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the Basic Payments and other amounts payable by the Borrower hereunder shall be paid in full when due

without any delay or diminution whatever. Pursuant to the Guaranty, the Guarantor has guaranteed the payments of the Borrower required under Sections 4.2 and 4.3 hereof.

Section 4.5. Assignment of Issuer's Rights. As security for the payment of the Subordinate Bonds, the Issuer will pledge the amounts payable hereunder and assign, without recourse or liability, to the Trustee, the Issuer's rights under this Subordinate Loan Agreement (excluding the Issuer's Unassigned Rights), and hereby directs the Borrower to make said payments directly to the Trustee. The Borrower herewith assents to such assignment and will make payments under this Subordinate Loan Agreement directly to the Trustee without defense or set-off by reason of any dispute between the Borrower and the Trustee.

Section 4.6. Borrower's Remedies. Nothing contained in this Article shall be construed to release the Issuer from the performance of any of its agreements herein, and if the Issuer should fail to perform any such agreements (subject to Section 10.11 hereof), the Borrower may institute such action against the Issuer as the Borrower may deem necessary to compel such performance so long as such action shall not violate the Borrower's agreements in Section 4.3 hereof or diminish or delay the amounts required to be paid by the Borrower pursuant to Section 4.2 hereof. The Borrower acknowledges, however, and agrees that any pecuniary obligation of the Issuer created by or arising out of this Subordinate Loan Agreement shall be payable solely out of the Trust Estate.

Section 4.7. Net Return. The Borrower agrees that the payment under this Subordinate Loan Agreement shall be a net return to the Issuer over and above any taxes or charges of any nature whatsoever which may currently or hereafter be imposed on the receipts of the Issuer under this Subordinate Loan Agreement.

Article 5 Project Covenants

Section 5.1. Project Operation and Maintenance. The Borrower shall pay all expenses of the operation and maintenance of the Project, including but without limitation adequate insurance thereon and insurance against all liability for injury to Persons or property arising from the operation thereof, and all taxes and special assessments levied upon or with respect to the Project and payable during the Term of Loan Agreement and further described in this Article 5.

Section 5.2. Sale or Lease of Project. So long as any Subordinate Bonds are Outstanding, the Borrower will not lease the Project (except tenant leases in the normal course of business), in whole or in part, nor sell, mortgage or otherwise encumber its interests in the Project, in whole or part, except as provided in Sections 7.5 and 8.1 hereof, *provided* that in no event shall such lease, assignment or sale be permitted if (1) the effect thereof would be to impair the validity or the exclusion from gross income under Section 103 of the Code of the interest on the Subordinate Bonds, (2) the effect thereof would be to impair the validity of any tax-exemption authorized by Chapter 303 of the Texas Local Government Code, or (3) if any such transaction should release the Borrower of any of its obligations under this Subordinate Loan Agreement (except as otherwise provided in Section 8.1 hereof). Before any such lease, sale or assignment, the Borrower shall

deliver to the Trustee an opinion of Bond Counsel, addressed to the Trustee and the Issuer and in form and substance satisfactory to the Trustee and the Issuer, stating in effect that such lease, sale or assignment will not cause interest on the Subordinate Bonds to be included in gross income for purposes of federal income taxation. The Borrower shall give at least thirty (30) days' notice to the Trustee and the Issuer of any such sale, assignment or lease, unless such thirty (30) day notice is waived by the Trustee and the Issuer.

Section 5.3. Subordinate Mortgage. In consideration of the Subordinate Loan, and as security for the Basic Payments and Additional Charges to be made by the Borrower for the payment of the Subordinate Bonds, and as security for the performance of all of the other obligations, agreements, and covenants of the Borrower to be performed and observed hereunder, the Borrower shall execute and cause to be delivered and recorded in the real estate records of the County the Subordinate Mortgage, and shall keep, perform, and observe each of its obligations thereunder.

Section 5.4. Advances. The Borrower acknowledges and agrees that under the Subordinate Indenture, the Trustee may take certain action and make certain advances relating to the Project or to certain other matters as expressly provided therein, and the Borrower shall be obligated to repay all such advances on demand, with interest from the date of each such advance, at the rate and under the conditions set forth in the Subordinate Indenture.

Section 5.5. Alterations to the Project and Removal of Equipment. The Borrower shall have the right from time to time, at its cost and expense, to remodel and make such additions, modifications, alterations, improvements and changes (collectively referred to as "*alterations*") in or to the Project or to remove any equipment therefrom as the Borrower, in its discretion, may deem to be desirable for its uses and purposes, *provided* such alterations or removal do not impair the character of the Project as a "project" within the meaning of the Act or otherwise impair the exclusion from gross income under Section 103 of the Code of the interest on the Subordinate Bonds, or impair any tax exemption authorized by Chapter 303 of the Texas Local Government Code.

Section 5.6. Insurance. Prior to the repayment in full of the Senior Bonds, the Borrower shall comply with the insurance requirements in the Borrower's LPA and the Senior Loan Documents. The Trustee shall be listed as an additional insured or loss payee, as applicable, on all insurance obtained by the Borrower. In addition, the Borrower shall obtain or cause the contractor to obtain, builders' risk insurance in the amount required under the financing documents for the Senior Loan. From such time as the Senior Loan are no longer outstanding, the Borrower shall maintain, or cause to be maintained, at its cost and expense, insurance as follows:

- (1) Insurance against loss and/or damage to the Project under a policy or policies covering such risks as are ordinarily insured against by similar businesses, including (without limiting the generality of the foregoing) fire and extended coverage in an amount not less than one hundred percent (100%) of the full insurable replacement cost of the Project but any such policy may have a deductible amount of not more than \$100,000. No policy of insurance shall be so written that the proceeds thereof will produce less than the minimum coverage required by the preceding sentence, by reason of

co-insurance provisions or otherwise, without the prior consent thereto in writing by the Trustee. The term “full insurable replacement cost” shall mean the actual replacement cost of the Project (excluding foundation and excavation costs and costs of underground flues, pipes, drains and other uninsurable items) and equipment, and shall be determined from time to time at the request of the Trustee, which request shall be made by the Trustee every five (5) years, commencing June 1, 2029, by an insurance consultant or insurer, selected and paid for by the Borrower. Unless otherwise required by the financing documents with respect to the Senior Bonds, all policies evidencing insurance required by this subsection (1) with respect to the Project shall be carried in the names of the Borrower and the Trustee as their respective interests may appear and shall contain standard mortgage clauses which provide for Net Proceeds of insurance resulting from claims per casualty thereunder to the Project which are less than \$100,000 for loss or damage covered thereby to be made payable directly to the Borrower, and Net Proceeds from such claims which are equal to or in excess of \$100,000 to be made payable directly to the Trustee. Unless otherwise required by the financing documents with respect to the Senior Bonds, the Net Proceeds of such insurance required by this subsection (1) with respect to the Project shall be applied as provided in Sections 5.7 and 5.8 hereof. Unless otherwise required by the financing documents with respect to the Senior Bonds, the Net Proceeds of such insurance required by this subsection (1) with respect to the facilities of the Borrower other than the Project shall be payable to the Borrower.

(2) Comprehensive general public liability insurance, including personal injury liability, and, if the Borrower owns or leases any automobiles, automobile insurance, including owned, non-owned and hired automobiles, against liability for injuries to persons and/or property, in the minimum amount for each occurrence and for each year of \$1,000,000, for public liability not arising from ownership or operation of automobiles (or other motor vehicles), and in the minimum amount of \$500,000 for each occurrence and for each year for liability arising out of ownership or operation of automobiles (or other motor vehicles) and shall be endorsed to show the Trustee and the Issuer as additional insureds.

(3) After the Project is placed in service, business interruption insurance or rental loss insurance covering actual losses in gross operating earnings of the Borrower resulting directly from necessary interruption of business caused by damage to or destruction (resulting from fire and lightning; accident to a fired-pressure vessel or machinery; and other perils, including windstorm and hail, explosion, civil commotion, aircraft and vehicles, sprinkler leakage, smoke, vandalism and malicious mischief, and accident) to real or personal property constituting part of the Project, less charges and expenses which do not necessarily continue during the interruption of business, for such length of time as may be required with the exercise of due diligence and dispatch to rebuild, repair or replace such properties as have been damaged or destroyed, with limits equal to at least the sum of twelve (12) months’ operating expenses of the Project, plus the combined maximum amount of principal of and interest payable on the outstanding Senior Loan and the Subordinate Bonds in the current or any future calendar year.

(4) Such other insurance, including workers' compensation insurance respecting all employees of the Borrower, in such amount as is customarily carried by like organizations engaged in like activities of comparable size and liability exposure, *provided* that the Borrower may be self-insured with respect to all or any part of its liability for workers' compensation.

All insurance required in this Section shall be taken out and maintained in responsible insurance companies selected by the Borrower which are authorized under the laws of the State to assume the risks covered thereby. The Borrower will annually provide to the Trustee a certificate of the Borrower Representative stating that the insurance required by this Section is in full force and effect in the amounts required above, and the Trustee shall be authorized to conclusively rely on such certificate. The Trustee has no duty or obligation to determine the sufficiency of such insurance requirements. Each policy shall contain a provision that the insurer shall not cancel nor modify it without giving written notice to the Borrower and the Trustee at least thirty (30) days before the cancellation or modification becomes effective. In lieu of separate policies, the Borrower may maintain a single policy, blanket or umbrella policies, or a combination thereof, having the coverage required herein.

In the event the Borrower shall fail to maintain the full insurance coverage required by this Subordinate Loan Agreement or shall fail to keep the Project in the condition required hereby (except as otherwise herein permitted), the Trustee or the Subordinate Bond Purchaser may (but shall be under no obligation to) take out the required policies of insurance and pay the premiums on the same, or make the required repairs, renewals and replacements; and all amounts advanced therefor by the Subordinate Bond Purchaser shall become an additional obligation of the Borrower under this Subordinate Loan Agreement to the one making the advance, which amounts the Borrower agrees to pay on demand together with interest thereon at a rate which shall be 10% per annum or the maximum rate permitted by law if less than such rate.

Section 5.7. Damage or Destruction. The Borrower agrees to notify the Trustee immediately, in writing, in the case of damage exceeding \$250,000 in amount to, or destruction of, the Project or any portion thereof resulting from fire or other casualty. In the event that any such damage or destruction does not exceed \$250,000, the Borrower shall forthwith repair, reconstruct and restore the Project to substantially the same or an improved condition or value as existed prior to the event causing such damage and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Borrower will apply the Net Proceeds of any insurance relating to such damage received by the Borrower to the payment or reimbursement of the costs thereof. Net Proceeds of any insurance relating to such damage up to \$250,000 shall be paid directly to the Borrower.

In the event the Project or any portion thereof is destroyed by fire or other casualty and the damage or destruction is estimated to exceed \$250,000, then the Borrower shall within one hundred twenty (120) days after such damage or destruction elect one (1) of the following options by written notice of such election to the Trustee:

(1) *Option A – Repair and Restoration.* The Borrower may elect to repair, reconstruct and restore the damaged Project. In such event, the Borrower shall proceed

forthwith to repair, reconstruct and restore the damaged or destroyed Project to substantially the same condition or value as existed prior to the event causing such damage or destruction and, to the extent necessary to accomplish such repair, reconstruction and restoration, the Borrower will apply the Net Proceeds of any insurance relating to such damage or destruction received by the Borrower from the Trustee to the payment or reimbursement of the costs thereof. So long as no Event of Default exists, any Net Proceeds of insurance relating to such damage or destruction received by the Trustee shall be released from time to time by the Trustee to the Borrower upon the receipt of:

- (a) A certificate of the Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repair, reconstruction and restoration and stating that such Net Proceeds, together with any other money legally available for such purposes, will be sufficient to complete such repair, reconstruction and restoration; and
- (b) The written approval of such certificate by an Independent Engineer.

In the event the Borrower shall elect this Option A, the Borrower shall complete the repair, reconstruction and restoration of the Project, whether or not the Net Proceeds of insurance received by the Borrower for such purposes are sufficient to pay for the same. Net Proceeds not required for the repair, reconstruction and restoration of the Project or prepayment of the Senior Loan shall be applied to the prepayment of the Subordinate Bonds or used for such other purpose as the Trustee, based upon an opinion of Bond Counsel, determines will not cause interest on the Subordinate Bonds to be included in gross income for purposes of federal income taxation.

(2) *Option B – Redemption of the Subordinate Bonds.* In the event that the Borrower shall determine that it is not practical or desirable to rebuild, repair or restore the Project, or, in case the Borrower is unable to deliver the certificates or reports necessary under Option A of this Section, this Subordinate Loan Agreement shall be terminated in accordance with Section 8.4 hereof and the Subordinate Bonds shall be redeemed. If the Net Proceeds of insurance, together with all amounts then held by the Trustee under the Subordinate Indenture available to redeem or retire the Subordinate Bonds, shall be insufficient to so redeem the Subordinate Bonds (including the expenses of redemption), the Borrower shall pay such deficiency to the Trustee as a Basic Payment and the Net Proceeds of insurance, together with such Basic Payment and amounts held by the Trustee under the Subordinate Indenture, shall be applied to such redemption of the Subordinate Bonds in accordance with Section 8.4 hereof and Section 3.1 of the Subordinate Indenture. If the Subordinate Bonds have been fully paid and all obligations of the Borrower hereunder have been paid or provided for, all Net Proceeds shall be paid to the Borrower. In the event that the Borrower does not make any necessary payment to deem and prepay all Subordinate Bonds in accordance with the requirements of this Subordinate Loan Agreement, then the Trustee shall immediately provide notice to the Borrower and the Guarantor for the Guarantor to make such payment.

Section 5.8. Condemnation. If the Project or any material portion thereof is condemned or taken for any public or quasi-public use and title thereto vests in the party condemning or taking the same, the Borrower hereby irrevocably assigns to the Trustee, subject to the terms of the Senior Loan Documents providing for the utilization of such Net Proceeds, all the Borrower's right, title and interest in and to any Net Proceeds of any award, compensation or damages (hereinafter referred to as an "award"), payable in connection with any such condemnation or taking. The Trustee shall cooperate fully with the Borrower in the handling and conduct of any prospective or pending condemnation proceedings with respect to the Project or any material part thereof. The Borrower shall, within one hundred twenty (120) days after the date on which the Net Proceeds are finally determined, elect one of the following options by written notice of such election to the Trustee.

(1) *Option A – Repairs and Improvements.* The Borrower may elect to use the Net Proceeds of the award made in connection with such condemnation or taking for additions, repairs and improvements to the Project. In such event, so long as no Event of Default exists, the Borrower shall have the right to receive such Net Proceeds from the Trustee from time to time upon receipt by the Trustee of:

(a) A Certificate of the Borrower Representative specifying the expenditures made or to be made or the indebtedness incurred in connection with such repairs and improvements and stating that such Net Proceeds, together with any of the money legally available for such purposes, will be sufficient to complete such repairs and improvements; and

(b) If such Net Proceeds equal or exceed \$500,000 in amount, the written approval of such Certificate by an Independent Engineer.

The Borrower agrees to apply any such Net Proceeds so received solely to the purposes specified in such Certificate. Net Proceeds not required for the repairs and improvements or prepayment of the Senior Loan shall be applied to the prepayment of the Subordinate Bonds or in such other manner as the Trustee, based upon an opinion of Bond Counsel, determines will not cause interest on the Subordinate Bonds to be included in gross income for purposes of federal income taxation.

(2) *Option B – Redemption of the Subordinate Bonds.* The Borrower may elect that this Subordinate Loan Agreement shall be terminated in accordance with Section 8.4 hereof and the Subordinate Bonds shall be redeemed. If the Net Proceeds of condemnation, together with the amount then held by the Trustee under the Subordinate Indenture available to redeem the Subordinate Bonds shall be insufficient to redeem the Subordinate Bonds (including principal, accrued interest, and expenses of redemption), the Borrower shall pay such deficiency to the Trustee as a Basic Payment, and the Net Proceeds of condemnation, together with such Basic Payment and amounts held by the Trustee under the Subordinate Indenture shall be applied to such redemption of the Subordinate Bonds in accordance with Section 8.4 hereof and Section 3.1 of the Subordinate Indenture. If the Subordinate Bonds have been duly paid and all other obligations of the Borrower hereunder have been paid or provided for, any remaining Net Proceeds shall be paid to the Borrower.

Section 5.9. Issuer Notice. The Borrower or the Trustee shall provide notice to the Issuer of the choice of any option under this Article, or upon request any other information requested by the Issuer.

Section 5.10. Hazardous Materials. The Borrower shall not use the Project in any manner so as to violate in any material respect any applicable law, rule, regulation or ordinance of any governmental body or in such manner as to vitiate insurance upon the Project. The Borrower shall not commit or permit any waste upon the Project which would materially decrease the value of the Project. The Borrower shall comply in all material respects with all regulations concerning the environment, health and safety relating to the generation, use, handling, production, disposal, discharge and storage of Hazardous Materials, as defined herein, in, on, under, or about the Project. The Borrower shall promptly take any and all necessary action in response to the presence, storage, use, disposal, transportation or discharge of any Hazardous Materials in, on, under or about the Project by the Borrower or Persons acting on behalf of or at the direction of the Borrower as all applicable laws, rules, regulations, or ordinances may require, *provided, however*, that the Borrower shall not take any remedial action in response to the presence of any Hazardous Materials in, on, under or about the Project, nor enter into any settlement agreement, consent decree, or other compromise in respect to any claims, proceedings, lawsuits or actions, completed or threatened pursuant to any Hazardous Materials laws or in connection with any third party, if such remedial action, settlement, consent or compromise might impair the value of the Project; in the event that the presence of Hazardous Materials in, on, under, or about the Project either (1) poses an immediate threat to the health, safety, welfare or property right of any individual, or (2) is of such a nature that an immediate remedial response is necessary under applicable laws, rules, regulations, or ordinances, the Borrower shall promptly take necessary action.

In the event the Borrower undertakes any remedial action with respect to any Hazardous Materials on, under or about the Project, the Borrower shall immediately notify the Trustee, in writing, of any such remedial action, and shall conduct and complete such remedial action (a) in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies, (b) to the reasonable satisfaction of the Trustee and (c) in accordance with the orders and directives of all federal, state and local governmental authorities. As used herein, the term “Hazardous Materials” shall mean (unless, and only to the extent that, being used in compliance with all applicable federal, state and local laws, regulations, rules, ordinances and policies): (1) oil, flammable substances, explosives, radioactive materials, hazardous wastes or substances, toxic wastes or substances or any other substances, materials or pollutants which (A) pose a hazard to the Project, to adjacent premises or to Persons on or about the Project or adjacent premises, (B) cause the Project to be in violation of any local, state or federal law, rule, regulation or ordinance, or (C) are defined as or included in the definition of “hazardous substances,” “hazardous wastes,” “hazardous materials,” or “toxic substances” or words of similar import under any applicable local, state or federal law or under the regulations, policy guidelines or other publications adopted or promulgated pursuant thereto, including, but not limited to: (i) the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. § 9601, *et seq.*; (ii) the Hazardous Materials Transportation Act, as amended, 49 U.S.C. § 1601, *et seq.*; (iii) the Resource Conservation and Recovery Act, as amended, 42 U.S.C. § 6901, *et seq.*; (iv) the Clean Air Act, 42 U.S.C. § 7412; (v) the Toxic Substance Control Act, 15 U.S.C. § 2601 *et seq.*; (vi) the Clean Water Act, 33 U.S.C. § 1317 and 1321(b)(2)A and (vii) rules,

regulations, ordinances and other publications adopted or promulgated pursuant to the aforesaid laws; (2) asbestos in any form which is or could become friable, (3) urea formaldehyde foam insulation, and (4) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority or may or could pose a hazard to the health and safety or property interests of the Borrower or its employees, the occupants of the Project or the owners or occupants of property adjacent to or surrounding the Project.

Section 5.11. Release of Real Property. The Borrower shall have the right, at any time and from time to time, to a release of any portion of the Project Premises from the Subordinate Mortgage, but only as follows:

(1) If the Senior Loan is Outstanding, the Borrower has received the required releases and approvals under the Senior Loan Documents for such release and the items set forth below in this Section 5.11.

(2) If the Senior Loan is no longer Outstanding, then the Borrower shall receive the following: the Project Premises not containing any permanent structure necessary for the total operating unity and efficiency of the Project may be released for the purpose of selling the same to a third person or to facilitate the construction or financing of additions to the Project or additional structures not related to the Project on such portion of the Project Premises, but only upon receipt by the Trustee and the Issuer of the following:

(a) A Certificate of a Borrower Representative setting forth in substance as follows:

(i) The address and legal description of the portion of the Project to be released;

(ii) The number of square feet of the property to be released;

(iii) A certification that (a) the portion of the Project to be released is not needed for the operation of the Project and is not necessary for the total operating unity and efficiency of the Project, and the release will not cause a reduction in the net revenues of the Project; (b) the release will not impair the structural integrity of the Project or the usefulness of the Project; and (c) the release will not inhibit adequate means of ingress to or egress from the Project;

(iv) No Event of Default exists under this Subordinate Loan Agreement; and

(v) All conditions precedent herein provided for relating to such release have been complied with.

(b) An ALTA survey prepared by a registered land surveyor describing and showing the Project Premises, after giving effect to such release.

(c) An opinion of counsel stating that the certificates, opinions and other instruments which have been or are therewith delivered to and deposited with the Trustee and the Issuer conform to the requirements of this Subordinate Loan Agreement and that, upon the basis of such application, the property may be released from the lien of the Subordinate Mortgage, and that all conditions precedent herein provided for relating to such release have been complied with.

(d) If the Senior Loan is outstanding, evidence that the [Credit Bank][Senior Bond Purchaser] (as defined in the Funding Loan Agreement) has consented in writing to the release of such real property and evidence of such written approval is provided to the Trustee or, if the Permanent Phase Senior Loan is outstanding, evidence that the Initial Funding Lender has consented in writing to the release of such real property and evidence of such written approval is provided to the Initial Funding Lender.

(3) The Borrower may at any time or times grant easements, licenses, rights of way and other rights or privileges in the nature of easements with respect to the Project Premises, free from the lien of the Subordinate Mortgage, or the Borrower may release existing easements, licenses, rights of way and other rights or privileges with or without consideration, and the Trustee will execute and deliver any instrument necessary or appropriate to confirm and grant or release any such easement, license, right of way or privilege, *provided, however*, that prior to any such grant or release, there shall have been supplied to the Trustee and the Issuer a certificate of the Borrower Representative and, if requested by the Trustee, of an Independent Engineer to the effect that (i) such grant or release is not detrimental to the proper operation of the Project and (ii) such grant or release will not impair the operating unity or the efficiency of the Project on such Project Premises or materially and adversely affect the character thereof.

Article 6

Damage, Destruction and Condemnation

Section 6.1. Damage and Destruction. Pursuant to Section 5.7 hereof, if there are any Outstanding Subordinate Bonds when the Project is damaged or destroyed by fire or other casualty, the Borrower shall either restore the Project to the extent permitted or required by this Subordinate Loan Agreement, the Subordinate Indenture, the Subordinate Mortgage, or, if Section 8.4 hereof is applicable, exercise its option to prepay the Subordinate Note and the Subordinate Loan pursuant to said Section.

Section 6.2. Condemnation. Pursuant to Section 5.8 hereof, if there are any Outstanding Subordinate Bonds when the Project or any part thereof is taken by Condemnation, the Borrower shall either restore the Project to the extent permitted or required by this Subordinate Loan Agreement, the Subordinate Indenture, the Subordinate Mortgage, or, if Section 8.4 hereof is applicable, exercise its option to prepay the Subordinate Note and the Subordinate Loan pursuant to said Section.

Article 7 Borrower's Covenants

Section 7.1. Covenant for the Benefit of the Trustee and Bondholders. The Borrower recognizes the authority of the Issuer to assign its interest in and pledge money receivable under the Subordinate Note and this Subordinate Loan Agreement (excluding the Issuer's Unassigned Rights) to the Trustee as security for the payment of the principal and purchase price of and interest and redemption premiums, if any, on the Subordinate Bonds, and the payment of all fees and expenses of the Trustee, and hereby agrees to be bound by, and joins with the Issuer in the grant of, a security interest to the Trustee in any right and interest the Borrower may have in sums held in the funds described in Article 5 of the Subordinate Indenture, pursuant to the terms and conditions thereof, to secure payment of the Subordinate Bonds. Each of the terms and provisions of this Subordinate Loan Agreement is a covenant for the use and benefit of the Trustee and Holders of the Subordinate Bonds, so long as any thereof shall remain Outstanding, but upon payment in full of the Subordinate Bonds in accordance with Article 7 of the Subordinate Indenture and of all fees and charges of the Trustee and Paying Agent, all references in this Subordinate Loan Agreement to the Subordinate Bonds, the Holders thereof and the Trustee shall be ineffective, and neither the Trustee nor the Holders of any of the Subordinate Bonds shall thereafter have any rights hereunder, save and except those that shall have theretofore vested or that arise from provisions hereunder which survive termination of this Subordinate Loan Agreement.

Section 7.2. Inspection and Access. The Borrower agrees that the Trustee and its duly authorized agents shall have the right at all reasonable times upon prior written notice to examine and inspect, and for that purpose to enter upon, subject to the rights of tenants, the Project Premises, and shall also have such right of access thereto as may be reasonably necessary to cause the Project to be properly maintained in accordance with Article 5 hereof and the applicable provisions of the Subordinate Mortgage in the event of failure by the Borrower to perform these obligations.

Section 7.3. Annual Statement, Audit, Certificate of Compliance and Other Reports.
(1) Commencing with the fiscal year ending December 31, 2027, and continuing thereafter, the Borrower shall furnish to the Trustee by no later than one hundred twenty (120) days after the close of each fiscal year of the Borrower during the term hereof, a copy of annual financial statements of the Borrower for the preceding fiscal year, including a balance sheet and operating statements (such statements are required to be audited by an Independent Accountant commencing with the fiscal year ending December 31, 2027). The Borrower also agrees to furnish to the Trustee by no later than forty-five (45) days after the close of each fiscal quarter, commencing with the fiscal quarter ending December 31, 2027, a copy of unaudited, internally prepared financial statements of the Borrower presented in a manner similar to the annual audited financial statements, as well as physical and economic occupancy statistics for such quarter.

(2) At the time the Borrower causes to be furnished the annual financial statements, the Borrower shall also furnish the Trustee and the Issuer with a certificate executed by the Borrower

Representative, declaring that during the same fiscal year covered by the statements and continuing to the date of execution of the certificate:

(a) a review of the activities of the Borrower during such fiscal year and of performance hereunder has been made under the Borrower Representative's supervision; and

(b) the Borrower Representative is familiar with the provisions of this Subordinate Loan Agreement and the Tax Certificate, and to the best of the Borrower Representative's knowledge, based on such review and familiarity, the Borrower has fulfilled all its obligations hereunder and thereunder throughout such fiscal year, and there have been no defaults under this Subordinate Loan Agreement or the Tax Certificate or, if there has been a default in the fulfillment of any such obligation in such fiscal year, specifying each such default known to the Borrower Representative and the nature and status thereof and the actions taken or being taken to correct such default.

(3) The Borrower will furnish the Issuer and the Trustee with all reports required pursuant to law and regulations of the Act.

(4) The Borrower will, and at the request of the Issuer or Trustee at the Borrower's expense, furnish to the Trustee and the Issuer at such times and in such form as the Issuer and Trustee, may reasonably require (A) a copy of such other reports containing such information as is necessary to comply with any lawful reporting or continuing registration requirements imposed by any agency of the State under the Act or any other applicable state law as it now exists or may hereafter be amended or by any agency of any other state in which the Subordinate Bonds have been sold, or (B) such information as is necessary to comply with federal securities law.

(5) The Trustee and the Issuer shall have no duty to review or analyze any such financial statements, reports, or certificates. The Trustee and the Issuer shall not be deemed to have notice of any information contained therein or event of default which may be disclosed in any manner therein.

Section 7.4. Indemnity by Borrower. (1) THE BORROWER AGREES TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD EACH OF THE INDEMNIFIED PARTIES HARMLESS FOR, FROM AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THE SUBORDINATE BONDS, THE SUBORDINATE LOAN, THIS SUBORDINATE LOAN AGREEMENT, THE PROJECT, THE REGULATORY AGREEMENT, THE SUBORDINATE INDENTURE, OR ANY DOCUMENT RELATED TO THE ISSUANCE AND SALE OF THE SUBORDINATE BONDS, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:

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

(B) VIOLATION OF ANY AGREEMENT, COVENANT, OR CONDITION OF ANY OF THE BORROWER DOCUMENTS;

(C) VIOLATION OF ANY AGREEMENT, CONTRACT, OR RESTRICTION RELATING TO THE PROJECT;

(D) VIOLATION OF ANY LAW, ORDINANCE, OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP, OCCUPANCY, OR USE THEREOF;

(E) THE ISSUANCE AND SALE OF THE SUBORDINATE BONDS; AND

(F) ANY STATEMENT, INFORMATION, OR CERTIFICATE FURNISHED BY THE BORROWER TO THE ISSUER WHICH IS MISLEADING, UNTRUE, INCOMPLETE, OR INCORRECT IN ANY RESPECT.

(2) THE BORROWER ALSO AGREES TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD EACH OF THE ISSUER INDEMNIFIED PARTIES HARMLESS FOR, FROM, AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO (A) ANY ERRORS OR OMISSIONS OF ANY NATURE WHATSOEVER CONTAINED IN ANY LEGAL PROCEEDINGS OR OTHER OFFICIAL REPRESENTATION OR INDUCEMENT MADE BY OR TO THE ISSUER PERTAINING TO THE SUBORDINATE BONDS, AND (B) ANY FRAUD OR MISREPRESENTATIONS OR OMISSIONS CONTAINED IN THE PROCEEDINGS OF THE ISSUER RELATING TO THE ISSUANCE OF THE SUBORDINATE BONDS OR PERTAINING TO THE FINANCIAL CONDITION OF THE BORROWER OR THE GUARANTOR WHICH, IF KNOWN TO COLLIER, MIGHT BE CONSIDERED A FACTOR IN SUCH PERSON'S DECISION TO PURCHASE THE SUBORDINATE BONDS; *PROVIDED, HOWEVER*, NOTHING IN THIS SUBSECTION SHALL BE DEEMED TO PROVIDE THE ISSUER WITH INDEMNIFICATION FOR THE ISSUER'S OMISSIONS OR MISSTATEMENTS CONTAINED IN THE LIMITED OFFERING MEMORANDUM UNDER THE CAPTIONS "THE ISSUER" OR "ABSENCE OF MATERIAL LITIGATION – THE ISSUER", AS IT RELATES TO THE ISSUER.

(3) PARAGRAPHS (1) AND (2) ABOVE ARE INTENDED TO PROVIDE INDEMNIFICATION TO EACH ISSUER INDEMNIFIED PARTY FOR HIS OR HER ACTIVE OR PASSIVE NEGLIGENCE OR MISCONDUCT; *PROVIDED, HOWEVER*, THAT NOTHING IN PARAGRAPHS (1) AND (2) ABOVE SHALL BE DEEMED TO PROVIDE INDEMNIFICATION (I) TO ANY TRUSTEE INDEMNIFIED PARTY WITH RESPECT TO LIABILITIES DIRECTLY CAUSED BY THE GROSS NEGLIGENCE, UNLAWFUL ACTS OR WILLFUL MISCONDUCT OF SUCH TRUSTEE INDEMNIFIED PARTY, OR (II) TO ANY ISSUER INDEMNIFIED PARTY WITH RESPECT TO ANY LIABILITIES ARISING FROM THE SUCCESSFUL ALLEGATION OF FRAUD OR WILLFUL MISCONDUCT OF SUCH ISSUER INDEMNIFIED PARTY, AS DETERMINED BY A FINAL DECISION OF A COURT OF COMPETENT JURISDICTION.

(4) Any party entitled to indemnification hereunder shall notify the Borrower of the existence of any claim, demand, or other matter to which the Borrower's indemnification obligation applies, and shall give the Borrower a reasonable opportunity to defend the same at its own expense and with counsel satisfactory to the Indemnified Party; *provided* that the Indemnified Party shall at all times also have the right to fully participate in the defense. If the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Borrower or if the Borrower shall, after receiving notice of the Borrower's indemnification obligation and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Borrower. The Borrower shall be responsible for the reasonable counsel fees, costs, and expenses of the Indemnified Party in conducting its defense.

The Indemnified Parties' right to indemnification hereunder shall survive payment of the Subordinate Bonds, termination of the Subordinate Indenture and this Subordinate Loan Agreement and resignation or removal of the Trustee.

Section 7.5. Status of Borrower. Throughout the Term of Loan Agreement, the Borrower will maintain its existence as a limited partnership organized under the laws of the State of Texas and a Single Purpose Entity and will not wind up or otherwise dispose of all or substantially all of its assets, *provided* that subject to the sale restrictions in Section 5.2 hereof and the assignment and transfer conditions in Section 8.1 hereof, the Borrower may sell or otherwise transfer to another Person all or substantially all of its assets in its entirety and thereafter wind up if the transferee Person assumes all of the obligations of the Borrower under the Subordinate Loan Documents to which it is a party by written instrument delivered to the Issuer and the Trustee. Every such transferee shall be bound by all of the covenants and agreements of the Borrower herein with respect to any further sale or transfer.

Upon any change in the identity of its general partner by way of substitution, sale or otherwise of the Borrower, the Trustee shall be promptly informed and, if requested, each and every general partner of the Borrower as newly constituted shall deliver to the Trustee for the benefit of the Issuer and Bondholders an instrument in form satisfactory to the Trustee affirming the joint and several liability of all then existing general partners for the obligations of the Borrower hereunder for which the general partners are liable (subject in all instances, to Section 9.13 hereof).

The Issuer and Borrower agree that, upon any change in the status of the Borrower, including a change in the identity of its general partner, so long as the requirements, restrictions and conditions of Sections 5.2 and 8.1 hereof and the Regulatory Agreement with respect to such change have been satisfied as provided therein, the general partner involved shall be discharged from liability hereunder. The Trustee by execution of the Subordinate Indenture shall be deemed to have agreed to execute such documents as may be necessary or desirable to indicate such discharge upon receipt of evidence satisfactory to said parties that the requirements for this Section, Sections 5.2 and 8.1 hereof, and the Regulatory Agreement have been satisfied, and

provided that no Event of Default under this Subordinate Loan Agreement shall have happened and be continuing on the date of the discharge.

The Borrower shall not effect such transfer or change if the result thereof would be to violate any sale restrictions set forth in Section 5.2 hereof, or to subject the interest payable on the Subordinate Bonds (in the hands of any Person who is not a Substantial User of the Project or a Related Person) to federal income taxes under Section 103 of the Code.

Notwithstanding anything to the contrary contained herein or in any other loan document (1) the assignment of class A limited partner, class B limited partner, special limited partner or investor limited partner interests in the Borrower, (2) the removal of the general partner, class A limited partner and/or class B limited partner of the Borrower and replacement thereof pursuant to the terms of the limited liability limited partnership agreement of the Borrower, (3) the transfer of interests within the investor limited partner of the Borrower so long as such investor limited partner remains controlled by or under common control with [_____] and (4) the transfer of interests of the investor limited partner to [_____] or an affiliate thereof (whether from [_____] or another investor limited partner), each shall not be deemed an Event of Default hereunder or under any other loan document and shall not require the consent of the Issuer or the Trustee. Further, the pledge or assignment of any general partner, class A limited partner, or class B limited partner interests (i) to the [Senior Bond Purchaser][Credit Provider] during the construction phase of the Senior Loan as provided in the Senior Loan Documents (within the meaning given to such term in the Funding Loan Agreement) [or to the Initial Funding Lender or Freddie Mac (as defined in the Senior Funding Loan Agreement) during the permanent phase of the Senior Loan as provided in the Financing Documents (as defined in the Senior Funding Loan Agreement)] or (ii) to the Equity Bridge Bond Purchaser or the Taxable construction Lender, during the construction phase of the Senior Loan as provided in the Equity Bridge Loan Documents and the Taxable Loan Documents, as applicable, shall not be deemed an Event of Default hereunder or under any other Subordinate Loan Document and shall not require the consent of the Issuer or the Trustee; *provided, however*, that any subsequent foreclosures of such interests shall require written notice to and the consent of the Issuer.

Section 7.6. Filing of Financing Statements. The Borrower agrees that it will, at its sole expense, file any financing statements required to perfect the security interest granted to the Trustee under the Subordinate Indenture in this Subordinate Loan Agreement and the payments. The Trustee shall not be responsible for filing or for the sufficiency or accuracy of any financing statements initially filed to perfect security interests granted under the Subordinate Indenture or this Subordinate Loan Agreement. The Trustee shall file continuation statements with respect to each UCC financing statement relating to the Trust Estate filed by the Borrower at the time of the issuance of the Subordinate Bonds on which the Trustee is named as a secured party; *provided that* a copy of the filed initial financing statement is timely delivered to the Trustee. In addition, unless the Trustee shall have been notified in writing by the Issuer or the Borrower that any such initial filing or description of collateral was or has become defective, the Trustee shall be fully protected in (a) relying on such initial filing and descriptions in filing any financing or continuation statements or modifications thereto pursuant to this section and (b) filing any continuation statements in the same filing offices as the initial filings were made. The Borrower shall be responsible for the customary fees charged by the Trustee for the preparation and filing of such

continuation statements and for the reasonable costs incurred by the Trustee in the preparation and filing of all continuation statements hereunder, including attorneys' fees and expenses. These fees shall be considered "Extraordinary Services" fees.

Section 7.7. Assurance of Tax Exemption. In order to assure that the interest on the Subordinate Bonds shall at all times be excluded from gross income for the purposes of federal income taxation, the Borrower represents and covenants with the Issuer, Trustee and all Holders of the Subordinate Bonds as follows:

(1) The Borrower will fulfill all continuing conditions specified in Section 142 of the Code and Regulation 1.103-8(b) promulgated thereunder, to qualify the Subordinate Bonds as residential rental property bonds thereunder, and the Borrower shall fulfill its obligations under the Regulatory Agreement.

(2) The Borrower will not use (or permit to be used) the Project, any funds provided by the Issuer hereunder, or any other funds of the Borrower, or use or invest (or permit to be used or invested), directly or indirectly, the proceeds of the Subordinate Bonds or any other sums treated as "bond proceeds" under Section 148 of the Code and applicable federal income tax regulations, including "investment proceeds", "invested sinking funds" and "replacement proceeds", in a manner which would, or enter into, or allow any Related Person to enter into, any arrangement, formal or informal, for the purchase of the Subordinate Bonds that would, or take or omit to take any action that would, to the knowledge of the Borrower, cause the Subordinate Bonds to be an "arbitrage bond" within the meaning of Section 148 of the Code or "federally guaranteed" within the meaning Section 149(b) of the Code and the applicable regulations promulgated from time to time thereunder. The Borrower further covenants to comply with the covenants and procedures set forth in the Tax Certificate and Article 6 of the Subordinate Indenture and to deposit in the Rebate Fund such amount as may be necessary to maintain the deposit in the Rebate Fund as the Rebate Requirement. Finally, the Borrower covenants to pay to the Trustee on demand all sums necessary to retain or pay the fees and expenses of the Rebate Analyst.

(3) At least ninety-five percent (95%) of Net Bond Proceeds will be used to finance costs properly chargeable to the capital account of a qualified residential rental project within the meaning of Section 142(d) and functionally related and subordinate property thereto.

(4) The Borrower has not permitted and will not permit any obligation or obligations other than the Senior Bonds, the Governmental Note, and the Equity Bridge Bonds to be issued within the meaning of Section 103(b) of the Code so as to cause such obligations to become part of the same "issue of obligations" as the Subordinate Bonds.

(5) No portion of the proceeds of the Subordinate Bonds will to be used to provide any airplanes, skybox, or other private luxury box, health club facility, facility primarily used for gambling or liquor store.

(6) No portion of the proceeds of the Subordinate Bonds will be used to acquire (a) property to be leased to the government of the United States of America or to any department, agency or instrumentality of the government of the United States of America, (b) any property not part of the residential rental housing portion of the Project, or (c) any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skating, skateboard and ice-skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility or racetrack.

(7) No portion of the proceeds of the Subordinate Bonds (including investment earnings) shall be used (directly or indirectly) for the acquisition of land (or an interest therein) to be used for farming purposes, and less than twenty-five percent (25%) of the proceeds of the Obligations (including investment earnings thereon) shall be used (directly or indirectly) for the acquisition of land to be used for purposes other than farming purposes.

(8) The Borrower understands that the Code imposes a penalty for failure to file with the Secretary of the Treasury an annual certification of compliance with low income occupancy requirements, and if the requirements for a “qualified residential rental project” are not met, does not allow deduction for interest paid on the Subordinate Bonds which accrues during the period beginning on the first day of the taxable year in which the Project ceases to meet such requirements and ending on the date the Project again meets such requirements.

(9) The average maturity of the Obligations does not and will not exceed 120% of the average reasonably expected remaining economic life of the Project within the meaning of Section 147(b) of the Code.

(10) The Borrower shall provide the Issuer on or prior to the Date of Issuance with all information required to satisfy the informational requirements set forth in Section 149(e) of the Code including the information necessary to complete IRS Form 8038.

(11) No money in the Bond Fund or the Project Fund shall be invested in investments which cause the Subordinate Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code. If at any time the moneys in such funds exceed, within the meaning of Section 149(b) of the Code, (i) amounts invested for an initial temporary period until the moneys are needed for the purpose for which the Subordinate Bonds were issued, (ii) investments of a bona fide debt service fund, and (iii) investments of a reserve which meet the requirement of Section 148(c) and (d) of the Code, such excess moneys shall be invested in only those Permitted Investments or Government Obligations, as otherwise appropriate, which are (a) obligations issued by the United States Treasury, (b) other investments permitted under regulations, or (c) obligations which are (1) not issued by, or guaranteed by, or insured by, the United States or any agency or instrumentality thereof or (2) not federally insured deposits or accounts, all within the meaning of Section 149(b)(3)(B) of the Code.

(12) The Borrower on behalf of the Issuer shall pay to the United States, as a rebate, an amount equal to the sum of (a) the excess of (i) the aggregate amount earned on all nonpurpose investments (other than investments attributable to an excess described in this clause), over (ii) the amount which would have been earned if all nonpurpose investments were invested at a rate equal to the yield on the Obligations, plus (b) any income attributable to the excess described in clause (a), at the times and in the amounts required by Section 148(f) of the Code, all within the meaning of Section 148(f) of the Code. The Borrower and the Trustee shall maintain detailed records of the interest rates borne by the Obligations and the investments of the Project Fund and the Bond Fund (and any other fund created under the Subordinate Indenture) and earnings thereon. The Borrower shall engage the Rebate Analyst to calculate the amount of any rebate required to be made to the United States at times and in installments which satisfy Section 148(f) of the Code and the Regulations, at least once every 5 years and within 60 days after the day on which the last of the Obligations are redeemed, and the Trustee shall be immediately furnished with such calculations. If the Trustee is not furnished with such calculations, the Trustee may undertake to have such calculations made by the Rebate Analyst at the expense of the Borrower. Such calculations shall be retained until 6 years after the retirement of the last Subordinate Bond. The rebate shall be calculated as provided in Section 148(f) of the Code and Sections 1.148-0 through 1.148-9 of the Treasury Regulations, including taking into account the gain or loss on the disposition of nonpurpose investments but not gross earnings of up to \$100,000 on the portion, if any, of the Bond Fund constituting a bona fide debt service fund. The Borrower shall acquire, and shall cause the Trustee to acquire all nonpurpose investments at their fair market value in arm's length transactions. The Trustee may conclusively rely upon the calculation made by the Rebate Analyst and shall not be liable or responsible therefor. The Borrower shall comply with Section 5.7 of the Subordinate Indenture.

(13) The Borrower will not permit more than two percent (2%) of the proceeds of the Obligations to be expended (or to be used to reimburse any person for an expenditure) to pay Issuance Expenses as provided by Section 147(g) of the Code.

(14) In order to qualify the Subordinate Bonds and this Subordinate Loan Agreement under the "program investment" provisions of Section 1.148-2(d)(2)(iii) of the Treasury Regulations, the Borrower (and any Related Person thereto) will take no action the effect of which would be to disqualify this Subordinate Loan Agreement as a "program investment" as defined in Section 1.148-1(b) of the Treasury Regulations, including but not limited to entering into any arrangement, formal or informal, for the Borrower to purchase bonds or notes of the Issuer in an amount related to the amount of the Subordinate Bonds.

(15) The Borrower will not otherwise use proceeds of the Subordinate Bonds, including expenses, earnings thereon, or take, or permit or cause to be taken, any action that would adversely affect the exclusion from gross income of the interest on the Subordinate Bonds, nor otherwise omit to take or cause to be taken any action necessary to maintain such exclusion from gross income, and if it should take or permit, or omit to take or cause to be taken, as appropriate, any such action, the Borrower shall take all lawful

actions necessary to rescind or correct such actions or omissions promptly upon having knowledge thereof.

(16) All of the proceeds of the Subordinate Bonds, except those portions of the proceeds used to pay for Issuance Expenses, if applicable, shall, for federal income tax purposes, be (i) allocated to the Project and the land on which the building is located and (ii) be used to pay costs of the acquisition and construction of the Project which are includible in the aggregate basis of the building and the land on which the building is located, in a manner such that the Project satisfies the requirements of Section 42(h)(4)(B) of the Code.

(17) The Borrower will at all times comply with the terms of the Tax Certificate and the Regulatory Agreement.

(18) Notwithstanding any provisions of this Section 7.7, if the Borrower shall provide to the Issuer and the Trustee an opinion of Bond Counsel addressed to the Issuer that any specified action required under this Section or Article 6 of the Subordinate Indenture is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest on the Subordinate Bonds, the Issuer, the Trustee and the Borrower may conclusively rely on such opinion in complying with the requirements of this Section 7.7 and Article 6 of the Subordinate Indenture and be protected in so doing, and the covenants hereunder shall be deemed to be modified to that extent.

In the event of a conflict between the terms and requirements of this Section 7.7 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

Section 7.8. Determination of Taxability. (1) Promptly after the occurrence of a Determination of Taxability, the Borrower shall give written notice to the Issuer and Trustee of the Determination of Taxability and the Borrower shall provide to the Trustee in immediately available funds, an amount which when added to the amounts on deposit in the funds, will equal the principal amount of all the Unpaid Bonds plus accrued interest thereon to the Redemption Date, and the Subordinate Bonds shall be redeemed pursuant to Article 3 of the Subordinate Indenture.

(2) Upon a Determination of Taxability the Borrower shall also pay to the Trustee an amount equal to the Paying Agent's and Trustee's fees, accrued and to accrue until final payment and redemption of the Subordinate Bonds, all other advances, fees, costs and expenses (including attorneys' fees and expenses) reasonably incurred by the Trustee, the Paying Agent, and Bond Counsel, and all Issuer Fees and Expenses.

(3) If this Subordinate Loan Agreement has not been terminated under Section 8.4 hereof prior to the Redemption Date for the Subordinate Bonds, this Subordinate Loan Agreement shall be terminated on said Redemption Date and the closing for the termination of this Subordinate Loan Agreement shall be completed otherwise as provided for termination of this Subordinate Loan Agreement upon exercise of the Borrower's options under Section 8.4 hereof.

(4) Neither the Borrower nor any Holder shall be required to contest or appeal any notice of deficiency, ruling, decision or legislative enactment which may give rise to a Determination of Taxability, and the expenses of any such contest or appeal shall be paid by the party initiating the contest or appeal.

Section 7.9. Subordination of Management Fees. As long as Dominion Texas Management Services, LLC (including its successors and assigns), or an affiliate thereof, is the manager of the Project, any management fees payable by the Borrower with respect to the Project will be wholly subordinate and junior in right of payment to all sums payable under this Subordinate Loan Agreement with respect to the Subordinate Bonds. Without limiting the foregoing, during the continuance of an Event of Default hereunder, no payment of such management fees shall be made by the Borrower. Further, the Borrower will not pay any such management fees if such payment will cause an Event of Default hereunder.

Section 7.10. Continuing Disclosure. The Borrower hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement. Notwithstanding any other provision of this Subordinate Loan Agreement or the Subordinate Indenture, failure of the Borrower to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default hereunder or under the Subordinate Indenture or a default with respect to the Subordinate Bonds or the Subordinate Loan Documents.

Article 8 Borrower's Options

Section 8.1. Assignment and Transfer. The Borrower may assign its rights and obligations under this Subordinate Loan Agreement and, as an incident thereto, transfer its interest in the Project without prior consent of the Issuer or the Trustee, but subject to the provisions of Sections 5.2 and 7.5 hereof.

Section 8.2. Prepayment. (1) The Borrower shall have the option to direct the Trustee to call for redemption and prepayment of the Outstanding Subordinate Bonds in whole or in part to the extent and upon the terms provided in Section 3.1 of the Subordinate Indenture. The Subordinate Bonds to be redeemed shall be redeemed at a price equal to their principal amount plus accrued interest set forth in Section 3.1 of the Subordinate Indenture. In the event the Subordinate Bonds are called for redemption in whole or in part, the Borrower shall make a Basic Payment as provided in Section 4.2 hereof on such Redemption Date.

(2) If, after the Borrower exercises its option to redeem all Subordinate Bonds, no Subordinate Bonds remain Outstanding, the Subordinate Indenture is discharged, and the Borrower has satisfied all of its obligations hereunder and under the Subordinate Note, the Trustee and the Issuer shall (at the sole cost and expense of the Borrower) execute and deliver to the Borrower such release and other instruments as the Borrower reasonably determines are necessary to terminate this Subordinate Loan Agreement. All further obligations of the Borrower hereunder, except as set forth in Section 10.10 hereof, shall thereupon terminate.

Section 8.3. Direction of Investments. Except during the continuance of an Event of Default, the Borrower shall have the duty during the Term of Loan Agreement to direct the Trustee to invest or reinvest all money held for the credit of funds established by Article 5 of the Subordinate Indenture in such securities as are authorized by law for such funds, subject, however, to the further conditions of Article 6 of the Subordinate Indenture and Section 7.7 hereof.

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

Section 8.4. Termination of Loan Agreement. Except during the continuance of an Event of Default, the Borrower shall have the option of terminating this Subordinate Loan Agreement subject to the following conditions:

(1) The Senior Loan is paid in full.

(2) Such option may be exercised if one of the events described in Section 5.7 or 5.8 hereof shall have occurred or if as a result of any changes in the Constitution of the State or the Constitution of the United States of America, or of any legislative or administrative action, whether state or federal, or of any final decree, judgment or order of any court or administrative body, whether state or federal, entered after the contest thereof by the Borrower in good faith, the agreements contained in this Subordinate Loan Agreement shall have become impossible of performance in accordance with the intent and purposes of the parties as expressed herein, or unreasonable burdens or excessive liabilities shall have been imposed upon the Borrower, including but not limited to the imposition of new state or local ad valorem, property, income or other taxes not imposed on the date of this Subordinate Loan Agreement, other than ad valorem taxes upon privately owned property and for the same general purpose as the Project and special assessments levied in amounts proportionate to and not exceeding the benefits of future public improvements to the land included in the Project.

(3) With respect to any of the events stated in subsection (2), if the Borrower determines to exercise its option to terminate this Subordinate Loan Agreement, with approval of the investor limited partner of the Borrower, it must give written notice to the Issuer and Trustee of its decision to exercise its option within one hundred twenty (120) days after such event.

(4) The Borrower shall give written notice to the Issuer and Trustee of its intention to exercise the option, with approval of the investor limited partner of the Borrower, stating therein a termination date not less than forty-five (45) nor more than ninety (90) days after the date the notice is mailed, but in no event prior to the date on which all Outstanding Subordinate Bonds shall be deemed discharged under Article 9 of the Subordinate Indenture, and the Borrower shall make arrangements satisfactory to the

Trustee for the giving of any notice required for redemption of all of the Outstanding Subordinate Bonds on the date on which the Subordinate Bonds are to be redeemed.

(5) The Borrower shall make a Basic Payment as provided in Section 4.2 hereof on the Redemption Date.

(6) The Borrower shall pay to the Trustee at least five (5) days prior to the Discharge Date, an amount equal to the Trustee's and Paying Agent's fees and expenses under the Subordinate Indenture, accrued and to accrue until final payment and redemption of the Subordinate Bonds and all other advances, fees, costs and expenses reasonably incurred and to be incurred on or before the termination date by the Trustee and Paying Agent under the Subordinate Indenture and the Issuer Fees and Expenses under this Subordinate Loan Agreement.

(7) On the termination date, the Issuer and Trustee shall (at the sole cost and expense of the Borrower), upon acknowledgment of receipt of the sum set forth in subsection (5) above, execute and deliver to the Borrower such release and other instruments as the Borrower reasonably determines are necessary to terminate this Subordinate Loan Agreement. All further obligations of the Borrower hereunder, except as provided in Section 10.10 hereof, shall thereupon terminate, *provided, however*, that the Borrower shall also remain obligated to pay or reimburse the Issuer and Trustee for the payment of all other fees, costs and expenses unaccounted for in the sum paid in accordance with subsection (6) above and reasonably incurred before or subsequent to such closing in connection with the Subordinate Bonds, as applicable.

Article 9

Events of Default and Remedies

Section 9.1. Events of Default. Any one or more of the following events is an Event of Default under this Subordinate Loan Agreement, and the term "Event of Default," wherever used herein, means any one of the following events, whatever the reason for such default and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body:

(1) if the Borrower shall fail to pay any Basic Payments on the date due under this Subordinate Loan Agreement;

(2) if the Borrower shall fail to pay any Additional Charges on or before the date that the payment is due, and shall continue to be in arrears for thirty (30) days after mailing of a notice to it by the Issuer or the Trustee that said Additional Charges have not been received on the due date;

(3) if the Borrower shall fail to observe and perform or shall breach any other covenant, condition or agreement on its part under this Subordinate Loan Agreement for a

period of forty-five (45) days after mailing of a notice to it by the Issuer or the Trustee, stating that it is a “Notice of Default” hereunder and specifying such default or breach and requesting that it be remedied;

(4) if the Borrower shall be dissolved or liquidated (other than when a new entity assumes the obligations of the Borrower under the conditions permitting such action contained in Section 7.5 hereof);

(5) if any representation or warranty made by the Borrower herein, or by a general partner or Borrower Representative in any document or certificate furnished to the Trustee or the Issuer or Colliers in connection herewith or therewith or pursuant hereto or thereto, shall prove at any time to be, in any material respect, incorrect or misleading as of the date made; or

(6) if an event of default occurs and is continuing under the Subordinate Indenture, any other Subordinate Loan Document, any Senior Loan Document, any Equity Bridge Loan Document, or any Subordination Agreement, subject to applicable notice and cure periods.

A copy of any notice of an Event of Default hereunder given to the Borrower shall also be given to the Borrower’s investor limited partner and special limited partner at the addresses set forth in Section 10.2 hereof. The investor limited partner, special limited partner, class A limited partner, and class B limited partner of the Borrower shall have the right, but not the obligation, to cure Events of Default on behalf of the Borrower, and the Issuer and Trustee shall accept such cure as if it were made by the Borrower itself.

Section 9.2. Remedies. The following remedies are all subject to the terms of the Subordination Agreements.

(1) Whenever any Event of Default shall have happened and be subsisting the Trustee may by written notice to the Borrower, declare all the Basic Payments payable for the remainder of the Term of Loan Agreement (an amount equal to that necessary to pay in full all Outstanding Subordinate Bonds and the interest thereon assuming acceleration of the Subordinate Bonds under the Subordinate Indenture and to pay all other indebtedness thereunder) to be immediately due and payable whereupon the same shall become immediately due and payable by the Borrower. The provisions of this Section 9.2 do not limit the application of Section 9.1 hereof.

(2) Upon the occurrence of an Event of Default, but subject to the terms of the Subordination Agreements, the Trustee may also take whatever action at law or in equity may appear necessary or appropriate to collect all sums then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement, covenant, representation or warranty of the Borrower, under this Subordinate Loan Agreement, or any Collateral Documents, or to otherwise compensate the Issuer, Trustee or Bondholders for any damages on account of such Event of Default.

(3) Whenever any Event of Default has occurred and is continuing, the Trustee may, but except as otherwise provided in the Subordinate Indenture shall not be obligated to, exercise any or all of the rights of the Issuer under this Article, upon notice as required to the Issuer. In addition, the Trustee shall have available to it all of the remedies prescribed by the Subordinate Indenture. If the Trustee is not enforcing the Issuer's rights in a manner to protect the Issuer or is otherwise taking action that brings adverse consequences to the Issuer, then the Issuer may, without the consent of the Trustee, take whatever action at law or in equity may appear necessary or appropriate to enforce the Issuer's Unassigned Rights and to collect all sums then due and thereafter to become due to the Issuer under this Subordinate Loan Agreement.

Section 9.3. Disposition of Funds. Any amounts collected pursuant to action taken under Section 9.2 hereof (other than sums collected for the Issuer on account of the Issuer's Unassigned Rights, which sums shall be paid directly to the Issuer) shall be applied in accordance with the provisions of the Subordinate Indenture.

Section 9.4. Nonexclusive Remedies. No remedy herein conferred upon or reserved to the Issuer or Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Subordinate Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer (or Trustee) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be herein expressly required or as may be required by law.

Section 9.5. Attorneys' Fees and Expenses. If an Event of Default shall exist under this Subordinate Loan Agreement and the Issuer or Trustee should employ attorneys or incur other expenses for the collection of any amounts due hereunder, or for the enforcement of performance of any obligation or agreement on the part of the Borrower, the Borrower will upon demand pay to the Issuer or Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred.

Section 9.6. Effect of Waiver. In the event any agreement contained in this Subordinate Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 9.7. Waiver of Stay or Extension. The Borrower covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any appraisal, valuation, stay, or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants in, or the performance of, this Subordinate Loan Agreement, and the Borrower (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Issuer or

Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 9.8. Trustee or Issuer May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the Borrower or the property of the Borrower, the Trustee, or the Issuer with the prior consent of the Trustee, shall be entitled and empowered, by intervention in such proceeding or otherwise:

(1) to file and prove a claim and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Issuer and Trustee (for themselves and on behalf of Bondholders) (including any claim for the reasonable compensation, expenses, disbursements and advances of the Issuer and Trustee, their agents and counsel) allowed in such judicial proceeding; and

(2) to collect and receive any money or other property payable or deliverable on any such claims, and to distribute the same.

Section 9.9. Restoration of Positions. If the Issuer or Trustee have instituted any proceeding to enforce any right or remedy under this Subordinate Loan Agreement, and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Issuer or Trustee, then and in every such case the Borrower, Trustee and the Issuer shall, subject to any determination in the proceeding, be restored to the positions they held prior to commencement of such proceedings, and thereafter all rights and remedies of the Issuer shall continue as though no such proceeding had been instituted.

Section 9.10. Suits to Protect the Project. If the Borrower shall fail to do so after thirty (30) days' prior written notice from the Trustee or the Issuer, the Trustee and the Issuer shall have power to (but shall not be obligated to) institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Project or any portion thereof, by any acts which may be unlawful or in violation of this Subordinate Loan Agreement, and such suits and proceedings as the Trustee or the Issuer may deem expedient to protect its interests in the Project or any portion thereof, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of, or compliance with, such enactment, rule or order would impair or adversely affect the Project or be prejudicial to the interests of the Bondholders.

Section 9.11. Performance by Third Parties. The Issuer may permit third parties to perform any and all acts or take such action as may be necessary for and on behalf of the Borrower to cure any Event of Default hereunder. The acceptance by the Issuer or the Trustee of any such performance by third parties shall not in any way diminish or absolve the Borrower of primary liability hereunder.

Section 9.12. Exercise of the Issuer's Remedies by Trustee. Whenever any Event of Default shall have happened and be subsisting the Trustee may, but except as otherwise provided

in the Subordinate Indenture shall not be obliged to, exercise any or all of the rights of the Issuer under this Article 9, upon notice to the Issuer.

Section 9.13. Limited Recourse. Notwithstanding any provision or obligation to the contrary set forth in this Subordinate Loan Agreement, (1) the liability of the Borrower and any partner, trustee, director, officer, employee, or agent thereof (collectively, “*Borrower Parties*”) under this Subordinate Loan Agreement or the Subordinate Mortgage shall be limited to the Mortgaged Property or to such other security as may from time to time be given or have been given for payment of the Borrower’s obligations under this Subordinate Loan Agreement and Subordinate Bonds, and any judgment rendered against the Borrower Parties under this Subordinate Loan Agreement or the Subordinate Mortgage and the Subordinate Bonds shall be limited to the Mortgaged Property and any other security so given for satisfaction thereof; and (2) no deficiency or other personal judgment nor any order or decree of specific performance shall be sought or rendered against the Borrower Parties, their respective members and/or partners, successors, transferees or assigns, in any action or proceeding arising out of this Subordinate Loan Agreement, the Subordinate Mortgage, the Subordinate Bonds, or any judgment, order or decree rendered pursuant to any such action or proceeding, *provided, however*, that nothing in this Subordinate Loan Agreement, the Subordinate Mortgage, or the Subordinate Bonds shall limit the Issuer’s or Trustee’s ability to exercise any right or remedy that it may have with respect to any property pledged or granted to the Issuer or the Trustee, or both of them, or to exercise any right against the Borrower, the general partner of the Borrower or any other person or entity on account of any damage caused by fraud or intentional misrepresentation by the Borrower or any intentional damage of the property subject to the Subordinate Mortgage. Furthermore, the Borrower shall be fully liable for the misapplication of (a) proceeds paid prior to any foreclosure under any and all insurance policies, under which the Trustee and/or the Issuer is named as insured, by reason of damage, loss or destruction to any portion of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (b) proceeds or awards resulting from the condemnation, or other taking in lieu of condemnation, prior to any foreclosure of the property subject to the Subordinate Mortgage, to the full extent of such misapplied proceeds and awards, (c) rents, issues, profits and revenues received or applicable to a period subsequent to the occurrence of a default under this Subordinate Loan Agreement, the Subordinate Mortgage, and the Subordinate Bonds but prior to foreclosure, and (d) proceeds from the sale of all or any part of the property subject to the Subordinate Mortgage and any other proceeds that, under the terms hereof, should have been paid to the Issuer or the Trustee. Furthermore, the Borrower shall be fully liable for the breach of the Borrower’s covenants contained in Sections 3.2, 4.3(1), (2) and (3), 7.4, 9.5, 10.8, 10.11, 10.12, and 10.13 of this Subordinate Loan Agreement, *provided, however*, in no event shall the Borrower or any Borrower Parties be personally liable for payment of the principal of, premium, if any, or interest on the Subordinate Bonds. The limit on the Borrower’s liability set forth in this paragraph shall not, however, be construed, and is not intended in any way, to constitute a release, in whole or in part, of the Borrower’s obligations under this Subordinate Loan Agreement or a release, in whole or in part, or an impairment of the lien and security interest of this Subordinate Loan Agreement, the Subordinate Mortgage, and the Subordinate Bonds upon the properties described therein, or to preclude the Issuer or the Trustee from foreclosing the Subordinate Mortgage in case of any default or enforcing any other right of the Issuer or the Trustee, or to alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as

security for, the obligations of the Borrower under this Subordinate Loan Agreement, the Subordinate Mortgage, and the Subordinate Bonds. Notwithstanding the foregoing, the Borrower’s general partner shall not be subject to personal liability under any of the Subordinate Loan Documents unless with respect to Liabilities resulting from the willful misconduct or gross negligence of the Borrower’s general partner.

**Article 10
Miscellaneous**

Section 10.1. Amounts Remaining in Funds. Except during the continuance of an Event of Default, any amounts remaining in the funds created under Article 5 of the Subordinate Indenture upon expiration or earlier termination of this Subordinate Loan Agreement, as provided herein, and after adequate provision has been made for payment in full of the Subordinate Bonds, in accordance with Article 7 of the Subordinate Indenture, any Additional Charges payable to the Trustee and the Issuer, including Paying Agent’s fees and expenses, and all other amounts required to be paid under this Subordinate Loan Agreement and the Subordinate Indenture, shall, forthwith be paid to the Borrower.

Section 10.2. Notices. All notices, certificates or other communications hereunder shall be in writing (except as otherwise expressly provided herein) and shall be sufficiently given and shall be deemed given when mailed by first class mail, postage prepaid, with proper address as indicated below or delivered by overnight delivery service or electronic mail (with confirmed receipt, *provided* an automatically generated “read receipt” or similar automatic notice does not constitute confirmed receipt by the Trustee for purposes of this Section) to the address or e-mail address set forth below. The Issuer, the Borrower, and Trustee may, by written notice given by each of them to the others, designate any address or addresses to which notices, certificates or other communications to them shall be sent when required as contemplated by this Subordinate Loan Agreement. Until otherwise provided by the respective parties, all notices, certificates and communications to each of them shall be addressed as follows:

To the Issuer: Manor Housing Public Facility Corporation
105 E. Eggleston Street
Manor, Texas 78653
Attn: General Manager

With a copy to: Bickerstaff Heath Delgado Acosta LLP
1601 S. MoPac Expressway
Austin, Texas 78746
Attention: Gregory Miller
Telephone: (512) 472-8021
Email: gmillers@bickerstaff.com

And: Chapman and Cutler LLP

320 South Canal Street, 27th Floor
Chicago, Illinois 60606
Attn: Ryan J. Bowen

To the Trustee:

BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attn: Rosalyn Davis

To the Borrower:

Manor Leased Housing Associates I, Limited Partnership
c/o Dominion Development & Acquisition, LLC
4835 Lyndon B Johnson Fwy, Suite 1000
Dallas, Texas 75244
Attn: Neal Route

With copies to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402-4629
Attn: Paul Manda

Section 10.3. Binding Effect. This Subordinate Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer and Borrower and their respective successors and assigns.

Section 10.4. Severability. In the event any provisions of this Subordinate Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 10.5. Amendments, Changes, and Modifications. Except as otherwise provided in this Subordinate Loan Agreement or in the Subordinate Indenture, subsequent to the issuance of the Subordinate Bonds and before the lien of the Subordinate Indenture is satisfied and discharged in accordance with its terms, this Subordinate Loan Agreement may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article 11 of the Subordinate Indenture, as applicable.

Section 10.6. Execution Counterparts. This Subordinate Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.7. Required Approvals. Consents and approvals required by this Subordinate Loan Agreement to be obtained from the Borrower, the Issuer or the Trustee shall be in writing and shall not be unreasonably withheld or delayed.

Section 10.8. Limitation on Issuer's Liability.

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

(2) *Immunity of Issuer Indemnified Parties.* No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Issuer contained in this Subordinate Loan Agreement, any other Issuer Documents, or in any Subordinate Bond or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Issuer contained in any agreement, instrument, or certificate executed in connection with the Project or the issuance and sale of the Subordinate Bonds, against any Issuer Indemnified Party, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or be incurred by, any Issuer Indemnified Party, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into by the Issuer with the Guarantor, the Borrower or the Trustee to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against each and every Issuer Indemnified Party is, by the execution of the Subordinate Bonds, this Subordinate Loan Agreement, and the other Issuer Documents, and as a condition of, and as part of the consideration for, the execution of the Subordinate Bonds, this Subordinate Loan Agreement, and the other Issuer Documents, expressly waived and released.

(3) *No Pecuniary Liability of Issuer.* No agreements or provisions contained herein, nor any agreement, covenant, or undertaking by the Issuer in connection with the Project or the issuance, sale, and/or delivery of the Subordinate Bonds shall give rise to any pecuniary liability of the Issuer or a charge against its general credit, or shall obligate the Issuer financially in any way, except as may be payable from the revenues pledged hereby for the payment of the Subordinate Bonds and their application as provided in the Subordinate Indenture. No failure of the Issuer to comply with any term, covenant, or agreement contained in the Subordinate Bonds, this Subordinate Loan Agreement, or the Subordinate Indenture, or in any document executed by the Issuer in connection with the Project or the issuance and sale of the Subordinate Bonds, shall subject the Issuer to liability for any claim for damages, costs, or other financial or pecuniary charge, except to the extent that the same can be paid or recovered from the revenues pledged for the payment of the Subordinate Bonds. Nothing herein shall preclude a proper party in interest from seeking and obtaining, to the extent permitted by law, specific performance against the Issuer

for any failure to comply with any term, condition, covenant, or agreement herein; *provided* that no costs, expenses, or other monetary relief shall be recoverable from the Issuer, except as may be payable from the revenues pledged in the Subordinate Indenture for the payment of the Subordinate Bonds. No provision, covenant, or agreement contained herein, or any obligations imposed upon the Issuer, or the breach thereof, shall constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory limitation or shall constitute or give rise to a charge against its general credit. In making the agreements, provisions, and covenants set forth in this Subordinate Loan Agreement, the Issuer has not obligated itself, except with respect to the application of the revenues pledged in the Subordinate Indenture for the payment of the Subordinate Bonds.

(4) *No Warranty by Issuer.* The Borrower recognizes that, because the components of the Project have been and are to be designated and selected by it, the Issuer has not made an inspection of the Project, if and when acquired, or of any fixture or other item constituting a portion thereof, and the Issuer makes no warranty or representation, express or implied or otherwise, with respect to the same or the location, use, description, design, merchantability, fitness for use for any particular purpose, condition or durability thereof, or as to the quality of the material or workmanship therein, it being agreed that all risks incident thereto are to be borne by the Borrower. In the event of any defect or deficiency of any nature in the Project, any additional project or any fixture or other item constituting a portion thereof, whether patent or latent, the Issuer shall have no responsibility or liability with respect thereto. The provisions of this section have been negotiated and are intended to be a complete exclusion and negation of any warranties or representations by the Issuer, express or implied, with respect to the Project, any additional project or any fixture or other item constituting a portion thereof, whether arising pursuant to the Uniform Commercial Code or any other law now or hereafter in effect.

Section 10.9. Representations of Borrower. All representations made in this Subordinate Loan Agreement by the Borrower are based on the best of the Borrower's knowledge of the facts and law, and no such representations are made in reliance upon any representations made or legal advice given by the Issuer, its Bond Counsel, or any other Issuer Indemnified Parties.

Section 10.10. Termination. At any time when no Subordinate Bonds remain Outstanding and arrangements satisfactory to the Issuer and Trustee have been made for the discharge of all liabilities under the Subordinate Note and this Subordinate Loan Agreement, this Subordinate Loan Agreement shall terminate. Notwithstanding the payment in full of the Subordinate Bonds, the discharge of the Subordinate Indenture, and the termination or expiration of this Subordinate Loan Agreement, all provisions in this Subordinate Loan Agreement concerning (1) the tax-exempt status of the Subordinate Bonds (including, but not limited to, provisions concerning rebate), (2) the interpretation of this Subordinate Loan Agreement, (3) the governing law, (4) the forum for resolving disputes, (5) the Issuer's right to rely on facts or certificates, (6) the indemnity of the Issuer Indemnified Parties from liability (pecuniary or otherwise) and their rights to receive payment and or reimbursement with respect thereto, and (7) the lack of pecuniary liability of the Issuer and the State, including without limitation all obligations of the Borrower under Sections 7.4, 7.7, 7.8, 10.12, 10.13, and 10.14 hereof, shall survive and remain in full force and effect.

Section 10.11. Issuer's Performance. The Issuer shall have no liability or obligation with respect to the payment of the purchase price of the Subordinate Bonds. None of the provisions of this Subordinate Loan Agreement shall require the Issuer to expend or risk its own funds or to otherwise incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the revenues pledged under the Subordinate Indenture, or the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any record keeping or to provide any legal services, it being understood that such services related to the Subordinate Bonds or the Subordinate Loan shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform (to the extent within its reasonable control) at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Subordinate Loan Agreement, the Subordinate Indenture, or in any and every Bond executed, authenticated, and delivered under the Subordinate Indenture; *provided, however,* that the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until (i) it shall have been requested to do so by the Guarantor, the Borrower or the Trustee, and (ii) the Issuer shall have received the instrument to be executed, and, at the Issuer's option, shall have received from the Borrower assurance satisfactory to the Issuer that the Issuer shall be reimbursed for its expenses incurred or to be incurred in connection with taking such action or executing such instrument.

Section 10.12. Administrative Fees, Attorneys' Fees and Costs. The Borrower shall reimburse the Issuer, upon demand, for all costs and expenses, including without limitation attorneys' fees and expenses, paid or incurred by the Issuer in connection with (i) the discussion, negotiation, preparation, approval, execution and delivery of the Subordinate Bonds, the Subordinate Indenture, this Subordinate Loan Agreement, and the documents and instruments related hereto or thereto; (ii) any amendments or modifications to any of the foregoing documents, instruments or agreements and the discussion, negotiation, preparation, approval, execution and delivery of any and all documents necessary or desirable to effect such amendments or modifications; (iii) the servicing and administration of the Subordinate Loan during the Term of Loan Agreement or thereafter; and (iv) the enforcement by the Issuer during the term hereof or thereafter of any of the rights or remedies of the Issuer hereunder or under the foregoing documents, or any document, instrument or agreement related hereto or thereto, including, without limitation, costs and expenses of collection in the Event of Default, whether or not suit is filed with respect thereto.

Section 10.13. Release. The Borrower hereby acknowledges and agrees that none of the Issuer Indemnified Parties shall be liable to the Borrower, and hereby releases and discharges the Issuer Indemnified Parties from any liability, for any and all Liabilities paid, incurred or sustained by any Issuer Indemnified Party or the Borrower as a result of or relating to any action, or failure or refusal to act, on the part of the Trustee or any other party with respect to the Subordinate Bonds, the Subordinate Indenture, this Subordinate Loan Agreement, or the documents and transactions related hereto or thereto or contemplated hereby or thereby, including, without limitation, the exercise by the Trustee or any third party of any of its rights or remedies pursuant to any of such documents.

Section 10.14. Audit Expenses. The Borrower agrees to pay any costs incurred by the Issuer as a result of the Issuer's compliance with an audit or inquiry, random or otherwise, by the Internal Revenue Service, the [_____] Department of Revenue, the [_____] General Auditor, or any other governmental agency with respect to the Subordinate Bonds or the Project.

Section 10.15. Electronic Signatures. The parties agree that the electronic signature of a party to this Subordinate Loan Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Subordinate Loan Agreement. For purposes hereof, (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means; and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message.

Section 10.16. Third-Party Beneficiaries. Each of the Issuer Indemnified Parties, other than the Issuer, is an intended third-party beneficiary of this Subordinate Loan Agreement. Nothing in this Subordinate Loan Agreement shall confer any right upon any person other than parties hereto, and those specifically designated as third-party beneficiaries of this Subordinate Loan Agreement.

Section 10.17. Governing Law and Venue. The laws of the State of Texas shall govern the construction of this Subordinate Indenture and of all subordinate Bonds issued hereunder. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Dallas County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. Each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 10.18. Reserved.

Section 10.19. Patriot Act. To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual person such as a business entity, a charity, a trust or other legal entity the Trustee will request documentation to verify its formation and existence as a legal entity. Furthermore, if required by the Patriot Act, Trustee may request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation. The Borrower covenants and agrees to provide documentation as reasonably requested or required by the Trustee to enable the Trustee to comply with the requirements of the Patriot Act.

Section 10.20. Subordination. The terms and conditions of this Subordinate Loan Agreement and all Subordinate Loan Documents are subject to the Subordination Agreements and, if any of the terms and conditions herein conflict with the terms of the Subordination Agreements, the terms of the Subordination Agreements shall control.

In Witness Whereof, the Issuer and the Borrower have caused this Subordinate Loan Agreement to be executed by their duly authorized officers as of the date and year first written above.

Issuer:

Manor Housing Public Facility Corporation, a
Texas public facility corporation
as Issuer

By: _____
Scott Moore
General Manager

Execution page of the Borrower to the Subordinate Loan Agreement, dated as of the date and year first written above.

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership

By: MHPFC TRGP1, LLC, a Texas limited liability company, its general partner

By: Manor Housing Public Facility Corporation, a Texas public facility corporation, its sole member

By: _____

Scott Moore
General Manager

Exhibit A

Form of Subordinate Note

After the endorsement as hereon provided and pledge of this Subordinate Note, this Subordinate Note may not be assigned, pledged, endorsed or otherwise transferred except in accordance with the Subordinate Indenture (as defined herein).

\$_____

October __, 2024

For Value Received,

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”), by this promissory note hereby promises to pay to the order of Manor Housing Public Facility Corporation (the “*Issuer*”) the principal sum of not to exceed [_____] and no/100 Dollars (\$_____), together with interest on the unpaid principal amount hereof, from the Date of Issuance (as defined in the Subordinate Indenture referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Subordinate Bonds (as hereinafter defined) and premium, if any, on the Subordinate Bonds. All such payments of principal, interest and premium, if any, shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the designated corporate trust office of BOKF, NA, or its successor as trustee under the Subordinate Indenture.

The principal amount and interest shall be payable on the dates and in the amounts set forth in the Subordinate Loan Agreement (as hereinafter defined) and any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Subordinate Bonds pursuant to the Subordinate Indenture whether at maturity, upon acceleration or by sinking fund redemption or mandatory redemption, until the principal of, premium, if any, and interest on the Subordinate Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Subordinate Indenture, a sum which will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon mandatory redemption or acceleration or otherwise), premium, if any, and interest on the Subordinate Bonds, as provided in the Subordinate Indenture, subject to prepayment as provided in the Subordinate Indenture and the Subordinate Loan Agreement.

This promissory note is the “Subordinate Note” referred to in the Subordinate Loan Agreement, dated as of October 1, 2024 (as the same may be amended, modified or supplemented from time to time, the “*Subordinate Loan Agreement*”) by and between the Borrower and the Issuer, the terms, conditions and provisions of which are hereby incorporated by reference.

This Subordinate Note is evidence of indebtedness and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged to BOKF, NA, as trustee (the “*Trustee*”) under the Subordinate Indenture of Trust, dated as of October 1, 2024 (as the same may be amended, modified or supplemented from time to time, the “*Subordinate Indenture*”), by and between the Issuer and the Trustee, 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 \$4,000,000, in aggregate principal amount of the Issuer's Subordinate Multifamily Housing Revenue Bonds (Tower Road), Series 2024 (the "*Subordinate Bonds*"), issued by the Issuer pursuant to the Subordinate Indenture. All the terms, conditions and provisions of the Subordinate Indenture, the Subordinate Loan Agreement and the Subordinate Bonds are hereby incorporated as a part of this Subordinate Note.

Concurrently with the issuance of the Subordinate Bonds, the Issuer will issue Multifamily Housing Revenue Note (Tower Road), Series 2024 (the "Senior Loan") to be executed and delivered by the Issuer pursuant to a Funding Loan Agreement among the Issuer, BOKF, NA, as fiscal agent, the proceeds of which will be utilized to fund loans to the Borrower. The Senior Loan is senior in priority to the Subordinate Bonds.

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 Subordinate Note, together with accrued interest thereon, as provided in the Subordinate Loan Agreement.

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

Time is of the essence under this Subordinate Note and in the performance of every term, covenant and obligation contained herein.

On and subject to the terms and exceptions set forth in Section 9.13 of the Subordinate Loan Agreement, the obligations under this Subordinate Note are non-recourse to the Borrower and its partners.

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

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

Borrower:

Manor Leased Housing Associates I, Limited
Partnership, a Texas limited partnership

By: MHPFC TRGP1, LLC, a Texas limited
liability company, its general partner

By: Manor Housing Public Facility
Corporation, a Texas public facility
corporation, its sole member

By: _____
Scott Moore
General Manager

Endorsement

Pay to the order of BOKF, NA, without recourse or warranty, as Trustee under the Subordinate Indenture, as security for such Subordinate Bonds issued under such Subordinate Indenture. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Subordinate Note.

Manor Housing Public Facility Corporation

By: _____

Scott Moore
General Manager

Dated: October __, 2024

**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

By and Among

MANOR HOUSING PUBLIC FACILITY CORPORATION,
as Issuer

MANOR LEASED HOUSING ASSOCIATES I, LIMITED PARTNERSHIP,
as Borrower

and

BOKF, NA,
as Trustee

Relating to:

\$60,815,000

Manor Housing Public Facility Corporation
Multifamily Housing Revenue Bonds
(Tower Road Apartments), Series 2024

and

\$4,000,000

Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments), Series 2024

Dated as of October 1, 2024

Recording Requested By and When
Recorded Send to:

Bickerstaff Heath Delgado Acosta LLP

1601 S. MoPac Expy, Suite C400
Austin, Texas 78746
Attention: Gregory Miller

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Regulatory Agreement and Declaration of Restrictive Covenants

This Regulatory Agreement and Declaration of Restrictive Covenants (including the Exhibits attached hereto) dated as October 1, 2024 (as amended, modified or supplemented from time to time, this “*Regulatory Agreement*”), is entered into by and among Manor Housing Public Facility Corporation, a public facility corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the “*Issuer*”), Manor Leased Housing Associates I, Limited Partnership, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the “*Borrower*”) and BOKF, NA, a national banking association, as Trustee (the “*Trustee*”).

Witnesseth:

Whereas, the Borrower will be the owner of a building and related improvements, furnishings, equipment and related property to be installed therein, located in the City of Manor, Travis County, Texas, on the real property legally described in *Exhibit A* attached hereto and made a part hereof (the “*Project Site*” or the “*Land*”), comprising 324 units of housing for residential rental purposes, all of such units which are intended to be rented to individuals and families of low or moderate income (such building, improvements, furnishings, equipment and related property being collectively referred to as the “*Project Facilities*” and, together with the Project Site, the “*Development*”); and

Whereas, the acquisition, construction and equipping of the Development will be financed in part from a portion of the proceeds of the sale of the Issuer’s Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, issued in the aggregate principal amount of \$60,815,000 and Issuer’s Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, issued in the aggregate principal amount of \$4,000,000 (together, the “*Bonds*”), pursuant to that certain Trust Indenture, dated as of October 1, 2024, between Issuer and the Trustee, and that certain Subordinate Trust Indenture, dated as of October 1, 2024, between Issuer and the Trustee (together, the “*Indenture*”) and pursuant to the provisions of the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “*Act*”); and

Whereas, interest on the Bonds is excludable from gross income of the owners thereof for federal tax purposes, *provided*, among other things, the Development continuously complies with Section 142(d) of the Internal Revenue Code of 1986, as amended (the “*Code*”), and the regulations promulgated thereunder (the “*Regulations*”); and

Whereas, compliance of the Development with the requirements of Section 142(d) of the Code and the Regulations for treatment of the loan evidenced by the Bonds as an “exempt facility bond” used to provide a qualified residential rental project (as defined therein) is within the control of the Borrower; and

Whereas, it is necessary for the Borrower to agree to this Regulatory Agreement, and thereby consent to be regulated as herein set forth to preserve the exclusion of interest on the Bonds from gross income of the owners thereof under Section 103(a) of the Code and the Regulations.

Now, Therefore, in consideration of the mutual promises and covenants hereinafter set forth, and of other valuable consideration, the Issuer, the Borrower and the Trustee hereby agree, as follows:

Section 1. Term of Restrictions. (a) *Occupancy Restrictions:* The term of the Occupancy Restrictions set forth in Section 3 hereof (the “*Occupancy Restrictions*”) with respect to the Development shall commence on the first day after the acquisition, construction and installation of the Development by the Borrower on which at least ten percent (10%) of the residential units in the Development are first occupied and end with respect to the Development on the latest of the date which is fifteen (15) years after the date on which 50 percent of the residential units in the project are occupied, (ii) which is the first day on which the Bonds or other tax-exempt private activity bonds (as defined in Section 141(a) of the Code) or similar tax-exempt financing instrument issued with respect to the Development are not outstanding (including any refunding of any such obligations) or (iii) on which any assistance provided with respect to the Development under Section 8 of the United States Housing Act of 1937, as amended, terminates (which Occupancy Restrictions period is hereinafter referred to as the “*Qualified Project Period*” for the Development). Notwithstanding any provision in this Agreement to the contrary, the restrictions set forth in Sections 3(g) hereof shall remain in effect for so long as an affiliate of the Issuer is acting as the general partner of the Borrower or of any subsequent owner of the Project Facilities.

(b) *Rental Restrictions:* The Rental Restrictions set forth in Section 4 hereof (the “*Rental Restrictions*”) with respect to the Development shall remain in effect during the Qualified Project Period for the Development set forth in paragraph (a) of this Section 1.

(c) Notwithstanding the provisions of paragraphs (a) and (b) of this Section 1, this Regulatory Agreement and all other restrictions hereunder shall cease to apply in the event of an involuntary noncompliance caused by fire, seizure, requisition, foreclosure, transfer of title by deed in lieu of foreclosure, change in a federal law or an action of a federal agency after the date of issue of the Bonds which prevents the Trustee from enforcing the provisions of this Regulatory Agreement, or condemnation or similar event, *provided* that within a reasonable time period either (i) the Bonds is retired; or (ii) any insurance proceeds or condemnation award or other amounts received as a consequence of such event are used to provide a project which meets the requirements of Section 142 of the Code and applicable Regulations, or any successor law or regulation. However, the provisions of this subsection (c) shall cease to apply (and the provisions of subsections (a) and (b) shall apply for the remainder of the Qualified Project Period) in the event of foreclosure, transfer of title by deed in lieu of foreclosure, or similar event if, at any time subsequent to such event and during the Qualified Project Period, the Borrower or any transferee or assignee of the Development or a related person to any of the foregoing (as defined in Section 147(a)(2) of the Code) (a “*Related Person*”) obtains an ownership interest in the Development for federal tax purposes.

(d) This Regulatory Agreement shall terminate with respect to the Development upon the earlier of (i) termination of the Occupancy Restrictions and the Rental Restrictions, as provided in subsections (a) and (b) of this Section 1 for the Development, or (ii) termination pursuant to the provisions of subsection (c) of this Section 1 for the Development or (iii) delivery to the Issuer, the Borrower and the Trustee of an opinion of a nationally recognized municipal bond counsel ("*Bond Counsel*") in form and substance satisfactory to the Issuer to the effect that continued compliance with the Rental Restrictions and the Occupancy Restrictions for the Development is not required in order for interest on the Bonds to remain excludable from gross income of the owners of the Bonds for federal income tax purposes. Notwithstanding anything to the contrary contained herein, Section 9 hereof shall survive the termination of this Regulatory Agreement, retirement of the Bonds, discharge of the Loan (as defined in the Indenture, termination of the Loan Agreement (as hereinafter defined), defeasance or termination of the Indenture, and the resignation or removal of the Trustee.

(e) Upon delivery by the Borrower to the Issuer and the Trustee of an opinion of independent counsel acceptable to the Issuer that the conditions to termination of this Regulatory Agreement have been met, the Issuer and the Trustee shall, upon request by the Borrower or its assigns, file any documentation necessary to remove this Regulatory Agreement from the real estate records of Travis County, Texas.

Section 2. Development Restrictions. The Borrower represents and warrants as of the date hereof, and covenants that:

(a) The Borrower has reviewed the provisions of this Regulatory Agreement with its counsel and understands said provisions.

(b) Any functionally related and subordinate facilities (*e.g.*, parking areas, laundry facilities, tenant offices, physical therapy rooms, dining rooms, meeting rooms, common areas, swimming pools, tennis courts, etc.) (the "*Related Facilities*") to the Development will be made available to all tenants of the Development on an equal basis. Fees charged to residential tenants for use of the Related Facilities will be commensurate with fees charged for similar facilities at similar residential rental properties in the surrounding area and, in no event will any such fees charged to tenants of the Development be discriminatory or exclusionary as to the low-income tenants of the Development. No Related Facilities will be made available to persons other than tenants or their guests. Parking, if available, will be made available to all tenants on a first come, first served basis.

(c) For the Qualified Project Period, the Borrower shall not: (1) except upon a sale or transfer of the Development in accordance with the terms of this Regulatory Agreement, the Loan Agreement (as hereinafter defined) or the Security Instrument (as defined in the Indenture), encumber any portion of the Development or grant commercial leases of any portion thereof or permit the conveyance, transfer or encumbrance of any portion of the Development (except for apartment leases), it being understood that the terms of the financing will be subordinate to this Regulatory Agreement or (2) demolish any part of the Development or substantially subtract from any real or personal property of the Development; *provided*, that nothing herein shall prohibit the Borrower from granting

operating leases and/or licenses of those facilities constituting part of the Development which are functionally related and subordinate to the residential units, such as laundry or recreational facilities, for the purpose of providing for the operation of such facilities for the benefit of the Development.

(d) For the Qualified Project Period, the Borrower shall exercise reasonable diligence to comply with the requirements of this Regulatory Agreement and shall correct any noncompliance within sixty (60) days after such noncompliance is first discovered or would have been discovered by the exercise of reasonable diligence.

(e) The Borrower shall cause the Development to meet the requirements of this Regulatory Agreement.

(f) Upon completion of construction, the Development will consist of a building or structure or several proximate buildings or structures of similar construction each containing one or more similarly constructed residential units located on a single tract of land or contiguous tracts of land which are owned, for federal tax purposes, at all times by one person or entity, and may include facilities functionally related and subordinate thereto. Each such building or structure will be a discrete edifice or other man-made construction consisting of an independent foundation, outer walls and roof and containing five (5) or more similarly constructed units, or if such building does not contain at least five (5) or more similarly constructed units, no unit in such building will be occupied by an owner or manager of any units in the Development.

(g) All of the units in the Development will contain complete living, sleeping, eating, cooking and sanitation facilities for a single person or a family. Each unit will contain a kitchen that includes a stove, cooking range, full-size refrigerator and sink.

(h) None of the units in the Development will at any time be utilized on a transient basis, or used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, nursing home, sanitarium, rest home or trailer park or court.

Section 3. Occupancy Restrictions and Affirmative Obligations. Pursuant to Section 142 of the Code, the Issuer has elected, and the Borrower hereby agrees, that the requirements of subparagraph B of such Section 142(d)(1) of the Code shall apply to the Development. The Borrower represents, warrants and covenants that:

(a) At all times during the Qualified Project Period, at least forty percent (40%) of the completed residential units in the Development shall be continuously occupied (or, only after the initial occupancy thereof, treated as occupied as provided herein) by individuals whose aggregate adjusted income (computed in the manner described in Section 1.167(k)-3(b)(3) of the Regulations, prior to its removal by T.D. 8474, 1993-1 C.B. 242) (hereinafter, "*Adjusted Gross Income*") does not exceed sixty percent (60%) of the median gross income, adjusted for family size, for the area in which the Development is located, determined in a manner consistent with determinations of lower income families and median gross income under Section 8 of the United States Housing Act of 1937, as

amended, as adjusted under Section 142(d)(2)(E) (a “*Qualifying Tenant*”); *provided*, that if all the occupants of a unit are students (as defined in Section 151(c)(4) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, the occupants of that unit shall not be deemed to be “Qualifying Tenants.” The determination of whether an individual or family meets the income requirement set out above shall be made at the earlier of the time occupancy commences or the execution of the current lease with respect thereto and on an annual basis thereafter and shall be based upon Income Certifications (as hereinafter defined). Any residential unit occupied by an individual or family who is a Qualifying Tenant shall continue to be treated as occupied by a Qualifying Tenant during their tenancy in such unit, even though they subsequently cease to be of low or moderate income, unless the most recent determination of their income indicates that their income exceeds one hundred and forty percent (140%) of the applicable income limit (whether as a result of an increase in income or a decrease in family size or otherwise) and after such determination but before the next determination any residential unit of comparable or smaller size in the Development is occupied by a new resident whose income exceeds the then applicable income limit. Any residential unit vacated by a Qualifying Tenant shall be treated as occupied by a Qualifying Tenant until reoccupied, other than for a temporary period not to exceed thirty-one (31) days, at which time the character of such unit with respect to occupancy by a Qualifying Tenant shall be redetermined. In applying the foregoing forty percent (40%) requirement, 0.40 shall be multiplied by the total number of completed residential units, and if the resulting number contains a fraction, it shall be rounded up to the next highest whole unit.

(b) As a condition to occupancy, each individual or family who is intended to be a Qualifying Tenant shall, prior to occupying a residential unit or signing a lease, be required to sign and deliver to the Borrower, a “Certification of Income” attached hereto as *Exhibit B* (the “*Income Certification*”) in which the prospective Qualifying Tenant certifies that he and his family, if applicable, are Qualifying Tenants and pursuant to the lease signed by a Qualifying Tenant, said tenant shall be required to submit, at least annually, a new Income Certification on the basis of the current income of the tenant. In addition, such Qualifying Tenant shall be required to provide whatever other information, documents or certifications, including employment verifications and income tax returns, as are reasonably deemed necessary by the Borrower or the Issuer to substantiate the initial or subsequent Income Certification.

(c) The Borrower shall use or cause to be used, in renting any residential units in the Development to a prospective Qualifying Tenant, a lease that provides for termination of the lease and consent by such person to immediate eviction, subject to applicable provisions of Texas law, for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the Income Certification.

(d) All Income Certifications will be maintained on file at the Development so long as the Bonds is outstanding and for five (5) years thereafter with respect to each Qualifying Tenant who occupied a residential unit in the Development during the period the restrictions hereunder are applicable, and the Borrower shall, upon three (3) Business

Days prior request, make such Income Certifications available for inspection by the Trustee and the Issuer.

(e) On the tenth day of the month after any residential unit in the Development is available for occupancy and the tenth day of each calendar quarter thereafter, the Borrower will submit to the Issuer, with a copy to the Trustee, the “Certificate of Continuing Program Compliance,” in the form attached hereto as *Exhibit C*, executed by the Borrower stating the percentage of completed residential units in the Development which were occupied or held available for occupancy by Qualifying Tenants (but only after initial occupancy by a Qualifying Tenant) at all times during the preceding month or quarter, as appropriate, and identifying Qualifying Tenants who commenced or terminated occupancy in the Development during such month or quarter, as appropriate.

(f) On the annual anniversary of the issuance of the Bonds (or at such other times, as prescribed by the Secretary of the United States Treasury Department), the Borrower will submit to the Secretary of the United States Treasury Department (with a copy to the Issuer) a certificate in the form that the Secretary prescribes, that the Development continues to meet the requirements of Section 142 of the Code.

(g) to satisfy the requirements of Chapter 1372 of the Texas Government Code, as amended, the Borrower hereby represents, as of the date hereof, and covenants and agrees to utilize its best efforts and all due diligence to ensure that at least eighty percent (80%) of the units in the Development are rented to persons whose Adjusted Gross Income, together with the Adjusted Gross Income of all persons who intend to reside with such person in one residential unit, did not, for the immediately preceding tax year, equal or exceed sixty percent (60%) of the area median income as determined and adjusted from time to time by the Secretary of HUD (the “*Chapter 1372 Requirements*”).

(h) The Borrower hereby represents, as of the date hereof, and covenants and agrees as follows:

(i) to obtain and maintain on file a sworn statement as to the Adjusted Gross Income of each tenant who resides in the Development (and of any persons who reside in the same residential unit with such tenant) for the immediately preceding taxable year; and

(ii) to permit any duly authorized representative of the Issuer and the Trustee to inspect the books and records of the Borrower pertaining to the Adjusted Gross Income of the residents of the Development.

Section 3.01. Construction of Section 3. The terms of Section 3(g) of this Regulatory Agreement are herein stated to ensure compliance with Section 303.0425 of the Texas Local Government Code. The terms stated in Sections 3(g) and 3(h) shall be construed together to preserve the tax exemption of Chapter 303 of the Texas Local Government Code.

Section 4. Rental Restrictions. The Borrower represents, warrants and covenants that once available for occupancy, each residential unit in the Development will be rented or available for rental on a continuous basis to members of the general public (other than residential units for a resident manager and/or maintenance personnel and residential units for individuals or families of low or moderate income as provided for in Section 3 hereof). Each Qualifying Tenant occupying a unit in the Development shall be required to execute a written lease which shall be effective for a term of at least six (6) months. No meals or other services will be provided to the tenants of the Development on a regularly scheduled basis.

Section 5. Transfer Restrictions. For the Qualified Project Period, the Borrower shall sell, transfer, assign, convey, change title to or otherwise dispose of the Development (a "Transfer"), in whole or in part, only in accordance with the terms of the Loan Agreement dated as of the date hereof, among the Issuer, the Borrower and the Trustee (the "Loan Agreement"). Further, any such sale, transfer, assignment, conveyance, change in title or other disposition shall only be permitted if: (1) the Borrower shall not be in default hereunder; (2) the purchaser or assignee shall execute any necessary or appropriate document reasonably requested by the Trustee or the Issuer with respect to assuming its obligations under this Regulatory Agreement and the Loan Agreement (together, the "Assumption Agreement"), which document shall be recorded in the Travis County, Texas, Clerk's Office; (3) the Trustee, the Funding Lender and the Issuer shall have received an opinion of Bond Counsel, which opinion is acceptable to the Issuer and the Trustee, to the effect that such transfer will not adversely affect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (4) the Borrower shall deliver to the Trustee and the Issuer a certificate, reasonably acceptable in form to the Issuer and the Trustee, to the effect that the Borrower did not develop the Development with the intention of sale upon completion of its construction; (5) the Borrower shall deliver to the Trustee, the Funding Lender and the Issuer an opinion of counsel to the transferee, which opinion is reasonably acceptable to the Issuer, that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and this Regulatory Agreement are binding on the transferee; and (6) such other conditions are met as are set forth in or referred to in the Indenture or as the Trustee or the Issuer may reasonably impose as part of the Assumption Agreement (i) to protect the exclusion of the interest on the Bonds from gross income of the owners thereof for federal income tax purposes; (ii) to ensure that the Development is not acquired by a person which has pending against it, or which has a history of, building code violations, as identified by county, state or federal regulatory agencies; and (iii) to provide that all indemnification obligations for the benefit of the Trustee, the Issuer, and the Sponsor (as defined in the Indenture) pursuant to Section 9 of this Regulatory Agreement and elsewhere are assumed by the purchaser or assignee. Once the Assumption Agreement has been delivered and all conditions of this Section 5 have been satisfied, and the Borrower has obtained the consent to such transfer of any other party required under the terms of the Loan Agreement, the Trustee and the Issuer shall deliver a release to the Borrower with respect to any future compliance with the provisions of this Regulatory Agreement with respect to the Development, and the Issuer shall deliver a release with respect to any future compliance with the provisions of the Loan Agreement (subject to any further transfer restrictions in the Loan Agreement). The Borrower shall deliver the form of Assumption Agreement to the Trustee and the Issuer at least ten (10) business days prior to a proposed Transfer.

In accordance with the terms of Section 5.2 of the Loan Agreement, the following shall be permitted and shall not require the prior approval of the Issuer: (i) the transfer by the Investor Limited Partner of its interests in the Borrower in accordance with the terms of the Organizational Documents (as defined in the Indenture), (ii) after the 10-year credit period, the transfer of ownership interests in the Investor Limited Partner, (iii) upon expiration of the tax credit compliance period, the transfer of interests of the Investor Limited Partner in the Borrower to the General Partner, the Class B Limited Partner (as defined in the Indenture) or any of their respective affiliates, (iv) any transfer of the ownership interests of the General Partner or the Class B Limited Partner, pursuant to the Organizational Documents and (v) any amendment to the Organizational Documents to memorialize the transfers or removal described above or that does not negatively impact the Borrower's ability to perform its obligations hereunder.

Section 6. Enforcement. (a) The Borrower shall permit, after three (3) business days prior notice, any duly authorized representative of the Trustee or the Issuer to inspect any books and records of the Borrower regarding the Development and with respect to the incomes of Qualifying Tenants which pertain to compliance with the provisions of this Regulatory Agreement.

(b) In addition to the information provided for in Section 3(e), the Borrower shall submit any other information, documents or certifications reasonably requested by the Issuer or the Trustee which the Issuer or the Trustee deems reasonably necessary to substantiate continuing compliance with the provisions of this Regulatory Agreement.

(c) The Issuer, the Trustee and the Borrower each covenants that it will not knowingly take, fail to take or permit any action within its control that would adversely affect the excludability of interest on the Bonds from gross income of the owners thereof for federal income tax purposes. Moreover, each of the Issuer, the Trustee and the Borrower covenants to take any lawful action within its control (including amendment of this Regulatory Agreement as may be necessary, in the opinion of Bond Counsel) to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statement promulgated or enacted by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to obligations issued under Section 142(d) of the Code and affecting the Development.

(d) If the Borrower shall fail to observe or perform any covenant, condition or agreement contained herein on its part to be observed or performed, and such failure continues for sixty (60) days after the Borrower discovers, or by the exercise of reasonable diligence should have discovered, or receives notice from the Issuer or the Trustee of, such failure, then and in such event, the Trustee, the Issuer and, to the extent permitted by the Indenture, any owner of a Bond shall be entitled, individually or collectively, and in addition to all other remedies provided by law or in equity, to compel specific performance by the Borrower of its obligations under this Regulatory Agreement, it being recognized that the beneficiaries of the Borrower's obligations hereunder cannot be adequately compensated by monetary damages in the event of a default by the Borrower; *provided, however*, that if the failure is of such nature that it can be corrected but not within sixty (60) days, so long as the Borrower or the Investor Limited Partner institutes curative action within the applicable period and diligently pursues that action to completion, the Borrower shall have a period of 180 days after the aforementioned notice to cure such failure.

The Issuer and the Trustee acknowledge and agree that any partner of the Borrower shall have the right, but not the obligation, to cure any failure by the Borrower to observe or perform any covenant, condition or agreement contained herein.

(e) The Borrower acknowledges that the primary purpose for requiring compliance with the restrictions provided in this Regulatory Agreement is to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds to the owners thereof, and that the Trustee on behalf of the owners of the Bonds, who are declared to be third party beneficiaries of this Regulatory Agreement, shall be entitled, for any breach of the provisions hereof, to all remedies both at law and in equity in the event of any default hereunder.

Section 7. Covenants to Run with the Land; Successors Bound. The Borrower hereby subjects the Development to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Trustee, the Issuer and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants, reservations and restrictions running with the land to the extent permitted by law and shall pass to and be binding upon the Borrower's successors in title to the Development throughout the term of this Regulatory Agreement. Each and every contract, deed, mortgage or other instrument hereafter executed covering or conveying the Development or any portion thereof or interest therein shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

Section 8. Recording and Filing. The Borrower shall cause this Regulatory Agreement and all amendments and supplements hereto to be recorded and filed in the conveyance and real property records of Travis County, Texas, and in such other places as the Trustee may reasonably request. This Regulatory Agreement shall be recorded in the grantor-grantee index to the name of the Borrower as grantor and to the names of the Issuer and the Trustee as grantee. The Borrower shall pay all fees and charges incurred in connection with any such recording.

Section 9. Indemnification. THE BORROWER SHALL BE REQUIRED AND HEREBY AGREES TO PAY, INDEMNIFY AND HOLD THE ISSUER, THE SPONSOR, AND THE TRUSTEE, AND THEIR RESPECTIVE OFFICERS, DIRECTORS, OFFICIALS, EMPLOYEES AND AGENTS (EXCEPT FOR CLAIMS ARISING OUT OF ACTS OR OMISSIONS OF THE ISSUER AND THE TRUSTEE RESULTING FROM WILLFUL MISCONDUCT) AND THE OWNERS OF THE BONDS HARMLESS FROM, ANY AND ALL LOSS, DAMAGE, COST, EXPENSE, SUIT, JUDGMENT, ACTION, INJURY OR LIABILITY WHICH THEY, OR ANY OF THEM, MAY SUFFER OR INCUR (INCLUDING WITHOUT LIMITATION ANY COSTS, FEES AND EXPENSES, INCLUDING REASONABLE ATTORNEYS' FEES, COSTS AND EXPENSES, INCURRED IN CONNECTION WITH THE ENFORCEMENT OF THIS REGULATORY AGREEMENT) BY REASON OF (A) THE DESIGN, CONSTRUCTION, INSTALLATION, OPERATION, USE, OCCUPANCY, MAINTENANCE OR OWNERSHIP OF THE DEVELOPMENT (INCLUDING COMPLIANCE WITH LAWS, ORDINANCES AND RULES AND REGULATIONS OF PUBLIC AUTHORITIES RELATING THERETO); OR (B) ANY WRITTEN STATEMENTS OR REPRESENTATIONS WITH RESPECT TO THE BORROWER, THE DEVELOPMENT OR

THE BONDS MADE OR GIVEN TO THE ISSUER OR THE TRUSTEE, OR ANY UNDERWRITERS OR PURCHASERS OF ANY OF THE BONDS, BY THE BORROWER, OR ANY OF ITS PARTNERS OR AGENTS, INCLUDING, BUT NOT LIMITED TO, STATEMENTS OR REPRESENTATIONS OF FACTS, FINANCIAL INFORMATION OR BORROWER AFFAIRS; OR (C) ANY FRAUDULENT ACT BY OR ON BEHALF OF THE BORROWER OR ANY OFFICER OF THE BORROWER, INCLUDING WITHOUT LIMITATION ANY INTENTIONAL MISREPRESENTATION OF, OR INTENTIONAL FAILURE TO DISCLOSE, A MATERIAL FACT IN CONNECTION WITH THE ISSUANCE AND SALE OF THE BONDS OR THE APPLICATION OF THE PROCEEDS THEREOF; OR (D) ANY VIOLATION OF THE RESTRICTIONS CONTAINED IN SECTION 2 OR THE OCCUPANCY RESTRICTIONS CONTAINED IN SECTION 3 AND THE CONTINUANCE OF SUCH VIOLATION OF SECTION 2 OR SECTION 3 FOR THIRTY (30) DAYS AFTER WRITTEN NOTICE OF SUCH VIOLATION SHALL BE GIVEN TO THE BORROWER BY THE ISSUER OR THE TRUSTEE OR ANY OWNER OF THE BONDS, OR FORTY-FIVE (45) DAYS AFTER THE DATE SUCH VIOLATION SHOULD HAVE BEEN DISCOVERED BY THE BORROWER BY EXERCISE OF REASONABLE DILIGENCE; OR (E) ANY VIOLATION BY THE BORROWER OF THE RENTAL RESTRICTIONS CONTAINED IN SECTION 4 OR THE TRANSFER RESTRICTIONS CONTAINED IN SECTION 5. THE FOREGOING INDEMNIFICATION SHALL BE IN ADDITION TO ANY INDEMNIFICATION PROVISIONS SET FORTH IN THE LOAN AGREEMENT OR ANY OF THE OTHER BOND DOCUMENTS.

THE BORROWER ALSO SHALL PAY AND DISCHARGE AND SHALL INDEMNIFY AND HOLD HARMLESS THE TRUSTEE AND, TO THE EXTENT APPLICABLE, THE ISSUER FROM (X) ANY LIEN OR CHARGE UPON PAYMENTS BY THE BORROWER TO THE TRUSTEE HEREUNDER AND (Y) ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IN RESPECT OF ANY PORTION OF THE DEVELOPMENT. IF ANY SUCH CLAIM IS ASSERTED, OR ANY SUCH LIEN OR CHARGE UPON PAYMENTS, OR ANY SUCH TAXES, ASSESSMENTS, IMPOSITIONS OR OTHER CHARGES, ARE SOUGHT TO BE IMPOSED, THE TRUSTEE OR THE ISSUER SHALL GIVE PROMPT NOTICE TO THE BORROWER, AND THE BORROWER SHALL HAVE THE SOLE RIGHT AND DUTY TO ASSUME, AND WILL ASSUME, THE DEFENSE THEREOF, WITH FULL POWER TO LITIGATE, COMPROMISE OR SETTLE THE SAME IN ITS SOLE DISCRETION; *PROVIDED*, THAT THE TRUSTEE OR THE ISSUER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDING AND TO PARTICIPATE IN THE DEFENSE THEREOF; BUT UNLESS SUCH SEPARATE COUNSEL IS EMPLOYED WITH THE APPROVAL AND CONSENT OF THE BORROWER (WHICH APPROVAL AND CONSENT SHALL NOT BE UNREASONABLY WITHHELD), OR PURSUANT TO A COURT ORDER, THE BORROWER SHALL NOT BE REQUIRED TO PAY THE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL. FURTHER, THE BORROWER SHALL NOT BE LIABLE FOR ANY SETTLEMENT WITHOUT ITS CONSENT.

THE FOREGOING INDEMNIFICATIONS SHALL EXTEND TO AND INCLUDE THE ORDINARY NEGLIGENCE AND GROSS NEGLIGENCE OF THE ISSUER, SHALL

SURVIVE THE TERMINATION OF THIS REGULATORY AGREEMENT, AND SHALL BE A PERSONAL LIABILITY OBLIGATION OF THE INDEMNITOR, NOTWITHSTANDING ANY PROVISION OF ANY AGREEMENT TO THE CONTRARY. NO PROVISION OF THIS REGULATORY AGREEMENT SHALL BE CONSTRUED TO RELIEVE THE TRUSTEE FROM LIABILITY FOR ITS OWN GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION.

Section 10. Agent of the Issuer and the Trustee. The Issuer and the Trustee shall have the right to appoint an agent or administrator to carry out any of their respective duties and obligations hereunder, and shall inform the other parties hereto of any such agency appointment by written notice.

Section 11. No Conflict with Other Documents. The Borrower warrants that it has not executed and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that, in any event, the requirements of this Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede all other requirements in conflict herewith.

Section 12. Interpretation. Any terms not defined in this Regulatory Agreement shall have the same meaning as terms defined for purposes of Section 142 of the Code and in the Regulations, the Indenture and the Loan Agreement.

Section 13. Amendment. This Regulatory Agreement may be amended by the parties hereto to reflect changes in the Code, the Regulations and revenue rulings promulgated thereunder, or in the interpretation thereof, subject to the delivery to the Trustee and the Issuer of an opinion of Bond Counsel that such amendment will not adversely affect the exclusion from gross income of the interest on the Bonds for federal income tax purposes.

Section 14. Severability. The invalidity of any clause, part or provision of this Regulatory Agreement shall not affect the validity of the remaining portions of this Regulatory Agreement.

Section 15. Notices. Any notice, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if and when personally delivered and receipted for, or, if sent by private courier service or sent by overnight mail service, shall be deemed to have been given if and when received (unless the addressee refuses to accept delivery, in which case it shall be deemed to have been given when first presented to the addressee for acceptance), or on the third business day after being deposited in United States registered or certified mail, return receipt requested, postage prepaid. Any such notice, demand or other communication shall be addressed to a party at its address set forth below or to such other address the party to receive such notice may have designated to all other parties by notice in accordance herewith:

To the Borrower: Manor Leased Housing Associates I, Limited Partnership
c/o Dominion Development & Acquisition LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Neal Route and Mark Moorhouse

with a copy to: Winthrop & Weinstein, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, MN 55402
Attention: Paul Manda and Jeff Drennan

The Trustee: BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Rosalyn Davis

The Issuer: Manor Housing Public Facility Corporation
105 E. Eggleston Street
Manor, Texas 78653
Attention: City Manager

with a copy to: Bickerstaff Heath Delgado Acosta LLP
1601 S. MoPac Expy, Suite C400
Austin, Texas 78746
Attention: Gregory Miller

If to the Investor Partner: c/o RBC Community Investments, LLC
o 600 Superior Avenue
o Suite 2300
o Cleveland, Ohio 44114
o Attention: President and General Counsel

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

Section 16. Governing Law. This Regulatory Agreement shall be construed in accordance with and governed by the laws of the State of Texas, and, where applicable, the laws of the United States of America.

Section 17. Freddie Mac Rider. The provisions of the Freddie Mac Rider attached hereto as Exhibit D are incorporated by reference as if fully set forth herein. In the event of a conflict between provisions of the Freddie Mac Rider and the provisions of this Agreement, the provisions of the Freddie Mac Rider shall control. The provisions of the Freddie Mac Rider [FORWARD: shall not take effect until the Loan Servicer or Freddie Mac is the holder of the Governmental Note

and] shall be terminated automatically and without further action required of any party hereto, the Loan Servicer, or Freddie Mac following the Freddie Mac Purchase Date (as defined in the Funding Loan Agreement) upon the earlier of (a) the date the Governmental Note is paid in full, retired, or otherwise discharged and (b) the date neither the Loan Servicer nor Freddie Mac is the Funding Lender or Funding Lender Representative.

Section 18. The Trustee. The Trustee is entering into this Regulatory Agreement solely in its capacity as Trustee under the Indenture, and the duties, powers, rights and obligations of the Trustee in acting hereunder shall be subject to the provisions of the Indenture, including, without limitation, the provisions of Article V of the Indenture, which are incorporated by reference herein. The incorporated provisions of the Indenture are intended to survive the termination of this Regulatory Agreement, retirement of the Bonds, discharge of the Loan (as defined in the Indenture), termination of the Loan Agreement, defeasance or termination of the Indenture, and the resignation or removal of the Trustee. The Trustee shall only act as expressly provided herein, and no implied covenants shall be read herein against the Trustee. The Trustee may rely on certificates, reports and other documents delivered to the Trustee by the Borrower without independent investigation and the Trustee's responsibility shall 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 shall not be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its own negligence, fraud or willful misconduct as found by a court of competent jurisdiction. No provision of this Regulatory Agreement shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Upon discharge of the Indenture, the Borrower will pay to the Trustee an annual fee for the performance of the Trustee's duties under this Regulatory Agreement for the remaining term hereof. 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 Indenture per year through the end of the Qualified Project Period.

[Signature Pages Follow]

In Witness Whereof, the parties hereto have caused this Regulatory Agreement to be signed by their respective, duly authorized representatives, as of the day and year first above written.

Manor Housing Public Facility Corporation

By: _____
Dr. Christopher Harvey
President

BOKF, NA, as Trustee

By: _____

Rosalyn Davis
Vice President

Manor Leased Housing Associates I, Limited
Partnership, a Texas limited partnership

By: MHPFC TRGP1, LLC,
a Texas limited liability company, its
general partner

By: Manor Housing Public Facility
Corporation, sole member of the general
partner

By: _____
Dr. Christopher Harvey
President

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

I, _____, a Notary Public, do hereby certify that Christopher Harvey, personally known to me to be the same person whose name is, as President of Manor Housing Public Facility Corporation, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said entity and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2024.

Notary Public in and for
the State of Texas

(Seal)

My commission expires:

STATE OF TEXAS §
 §
COUNTY OF §

I, _____, a Notary Public, do hereby certify that Rosalyn Davis, personally known to me to be the same person whose name is, as a Vice President of BOKF, NA, subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that she, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said entity and as her own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2024.

Notary Public in and for
the State of Texas

(Seal)

My commission expires:

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

I, _____, a Notary Public, do hereby certify that Dr. Christopher Harvey, personally known to me to be the same person whose name is, as President of Manor Housing Public Facility Corporation, the sole member of MHPFC TRGP1 LLC, the general partner of Manor Leased Housing Associates I, Limited Partnership subscribed to the foregoing instrument, appeared before me this day in person and severally acknowledged that he, being thereunto duly authorized, signed, and delivered the said instrument as the free and voluntary act of said entity and as his own free and voluntary act, for the uses and purposes therein set forth.

Given under my hand and notarial seal this _____ day of _____, 2024.

Notary Public in and for
the State of Texas

(Seal)

My commission expires:

Exhibit A
Legal Description

[to be provided]

Exhibit B

Certification of Income

Name of Development: Tower Road Apartments

Address of Development: _____

Date: _____

The undersigned does hereby declare, depose and certify, under penalty of perjury, as follows:

If additional space is needed in filling out this form, attach sheets identifying the additional information referenced to the appropriate line number.

Line:

1.	2.	3.	4.	5.
Name of Head of Household, Spouse and Members of Your Family living in Unit	Relationship to Head of Household	Age	Social Security Number	Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

Each line hereinafter is for the income of *all of the above persons* during the 12-month period beginning on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable. Please refer to Part I of the Instruction Sheet for detailed explanations as to the income information required. Part II of the Instruction Sheet provides information on income which may be excluded.

- 6. (a) Wages, salaries, tips, etc. \$ _____
- (b) Interest, dividends, and other net income of any kind from real or personal property (also enter on line 13(b)) \$ _____
- 7. Net income from the operation of a business or profession \$ _____
- 8. The full amount of periodic amounts received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump-sum amount or prospective monthly amounts for the delayed start of a periodic payment \$ _____
- 9. Payments in lieu of earnings, such as unemployment and disability compensation, worker's compensation and severance pay \$ _____
- 10. Welfare assistance (*i.e.*, welfare or other payments to families or individuals, based on need, that are made under programs funded, separately or jointly, by federal, state or local governments) \$ _____
- 11. Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from organizations or from persons not residing in the unit \$ _____
- 12. All regular pay, special pay, and allowances of a member of the Armed Forces \$ _____

The individual incomes of all the persons listed in Line 1 above during the 12-month period beginning this date is as follows:

Names	Totals
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

13. If any of the persons described above has any income of any kind from real property, savings, stocks, bonds, and other forms of capital investment (excluding interests in Indian trust land and excluding equity accounts in the Department of Housing and Urban Development (“HUD”) homeownership programs), provide the following:

(a) The total value of all such assets owned by all such persons \$_____

(b) The total amount of income expected to be derived from such assets in the 12-month period commencing this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease (from line 6(b)) \$_____

14.(a) Will all of the persons listed in Column 1 above be or have they been full time students during five calendar months of this calendar year (i) at an educational organization which normally maintains regular faculty and curriculum and normally has a regularly enrolled body of pupils or students in attendance at the place where its educational activities are regularly carried on, or (ii) in institutional on-farm training under the supervision of an accredited agent of an educational organization described in clause (i) or of a state or political subdivision of a state?

Yes _____ No _____

(b) If the answer to 14(a) is yes, is any such person married and eligible to file a joint federal income tax return?

Yes _____ No _____

I/We, the undersigned, state that I/We have read and answered fully and truthfully each of the preceding questions for all persons who are to occupy the unit in the above apartment

development for which application is made, all of whom are listed above, and I/We declare under penalty of perjury that the foregoing representations are true and correct.

Head of Family

Spouse

Subscribed and sworn to before me
this _____ day of _____, _____.

_____ [Seal]
Notary Public

My commission expires:

Instruction Sheet

Part I of this Instruction Sheet contains line-by-line instructions to assist your completion of the Certification of Income. The Certification of Income is a statement of the total anticipated amounts, monetary or not, which go to, or on behalf of, the Head of the Family or Spouse (even if temporarily absent) or to any other member of the family who proposes to live in the unit during the 12-month period commencing on this date or, if you signed a lease prior to this date, the date of the signing of your lease or the latest anniversary date of the signing of your lease, whichever is applicable, including (i) amounts which are anticipated to be received from a source outside the Family during the 12-month period commencing on this date and (ii) all net income derived from assets to which any member of the Family has access. Excluded therefrom is income specified in Part II of this section.

Part I:

1. “*Family*” means two or more persons related by blood, marriage, adoption, or operation of law.
2. (a) Provide the total of all wages, salaries, commissions, tips, bonuses, over-time pay, fees and other compensation for personal services, without regard to payroll deductions.

(b) For this purpose, expenditures for amortization of capital indebtedness shall not be deducted to determine income. An allowance for depreciation of assets may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the Family.
3. For this purpose, expenditures for business expansion or amortization of capital indebtedness shall not be deducted to determine the net income from a business. An allowance for depreciation of assets used in a business or profession may be deducted based on straight-line depreciation as provided in regulations of the United States Treasury. Any withdrawal of cash or assets from the operation of a business or profession will be included in net income from a business or profession except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the Family.
4. Periodic amounts do *not* include deferred periodic amounts from supplemental security income and social security benefits that are received in a lump sum amount or in prospective monthly amounts.
5. Payments in lieu of earnings do *not* include lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker’s compensation), capital gains and settlements for personal or property losses.

6. If the Welfare Assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the Welfare Assistance agency in accordance with the actual cost of shelter and utilities, the amount of Welfare Assistance income to be included as income shall consist of:

(i) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus

(ii) the maximum amount that the Welfare Assistance agency could in fact allow the Family for shelter and utilities. If the Family's Welfare Assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage.

7. This does *not* include the special pay to a Family member serving in the Armed Forces who is exposed to hostile fire.

8. The amount entered on line 13(a) should include the net cash value after deducting reasonable costs that would be incurred in disposing of real property, savings, stocks, bonds or other forms of capital investment,

(a) *excluding* an interest in Indian trust land, equity accounts in HUD ownership programs, the value of necessary items of personal property such as furniture and automobiles, the value of a trust fund which is not revocable by, or under the control of, any member of the Family or household, so long as the fund continues to be held in trust and the value of a home currently purchased with assistance under 24 C.F.R. Part 982, subpart M (limited, however, to the first 10 years after the purchase date of the home), but

(b) *including*, in the case of the disposition of any business or family assets for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the two years preceding the date of this certificate, the excess of the fair market value of the assets disposed over the consideration received therefor. In the case of a disposition as part of a separation or divorce settlement, the disposition will not be considered to be for less than fair market value if the household member receives important consideration not measurable in dollar terms.

Part II:

The determination of income for the Certification of Annual Income does *not* include any of the following:

A. Temporary, nonrecurring or sporadic income (including gifts).

B. Income from the employment of children (including foster children) under the age of 18 years.

C. Payments received for the care of foster children or foster adults (usually persons with disabilities, unrelated to the Family, who are unable to live alone).

D. Amounts received by the Family that are specifically for, or in reimbursement of, the cost of medical expenses for any Family member.

E. The full amount of student financial assistance paid directly to the student or to the educational institution.

F. (i) Amounts received under training programs funded by HUD;

(ii) Amounts received by a person with a disability that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (Pass);

(iii) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(iv) Amounts received under a resident service stipend. A resident service stipend is a modest amount (not to exceed \$200 per month) received by a resident for performing a service for the public housing agency or owner, on a part-time basis, that enhances the quality of life in the development. Such services may include, but are not limited to, fire patrol, hall monitoring, lawn maintenance, resident initiatives coordination and serving as a member of the public housing agency's governing board. No resident may receive more than one such stipend during the same period of time; and

(v) Incremental earnings and benefits resulting to any Family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the Family member participates in the employment training program.

G. Income of a live-in aide. A "live-in aide" means a person who resides with one or more elderly or near-elderly persons (*i.e.*, persons who are at least 50 years of age), or persons with disabilities, and who:

(a) is determined to be essential to the care and well-being of the person(s);

(b) is not obligated for the support of the person(s); and

(c) would not be living in the unit except to provide the necessary supportive services.

A “person with disabilities” means a person who: (a) has a disability as defined in 42 U.S.C. § 423; (b) is determined, pursuant to certain regulations, to have a physical, mental, or emotional impairment which (i) is expected to be of long-continued and indefinite duration, (ii) substantially impedes his or her ability to live independently, and (iii) is of such a nature that such ability could be improved by more suitable housing conditions; or (c) has a developmental disability as defined in 42 U.S.C. § 6001. The term does not exclude persons who have the disease of acquired immunodeficiency syndrome or any conditions arising from the etiologic agent for acquired immunodeficiency syndrome. The term does not include a person whose disability is based solely on any drug or alcohol dependence.

H. Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937, as amended, as published in the Federal Register from time to time.

I. Reparation payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era.

J. Earnings in excess of \$480 for each full time student 18 years old or older (excluding the Head of Household and Spouse).

K. Adoption assistance payments in excess of \$480 per adopted child.

L. Amounts received by the Family in the form of refunds or rebates under state or local law for property taxes paid on the unit.

M. Amounts paid by a state agency to a Family with a member who has a developmental disability and is living at home to offset the cost of services and equipment needed to keep the developmentally disabled Family member at home.

For Completion by Development Owner Only:

I. Calculation of Annual Income:

1. Enter the amount of income for the entire family by adding line 6(a) with lines 7 through 12: \$_____

- 2.(a) If the amount entered in 13(a) is *greater* than \$5,000, enter the *greater* of:
 - (i) the amount entered in 13(b) *or*
 - (ii) a percentage of the total entered in 13(a) based on the current passbook savings rate as determined by HUD
- (b) If the amount entered in 13(a) is less than \$5,000, enter the amount entered in 13(b): \$ _____
- 3. Add number (1) and (2) to determine Annual Income: \$ _____

II. Determination of Tenant Eligibility:

1. Is the amount entered in line 3 above less than or equal to 60 percent of area median gross income for the area in which the Development is located, completed taking into account the area in which the Development is located and size of the Family occupying the unit for which this Certification of Income is being completed, as adjusted by Section 142(d)(2)(E)?

Yes _____ No _____

- 2. Check one of the following:
 - (a) Line (1) above is No, therefore the Household does not qualify as a Qualified Tenant. _____
 - (b) Line (1) above is Yes, and 14(a) above is No, therefore the Household qualifies as a Qualified Tenant. _____
 - (c) Line (1) above is Yes and 14(b) above is Yes, therefore the Household qualifies as a Qualified Tenant. _____
 - (d) Line (1) above is Yes and 14(a) above is Yes and 14(b) above is No, therefore the Household does not qualify as a Qualified Tenant. _____
- 3. Number of apartment unit assigned: _____

Apartment Owner

Exhibit C

Certificate of Continuing Program Compliance

Date: _____

Property Name: Tower Road Apartments

On Site Property Manager: _____

Address: _____ Telephone No. _____

To: Manor Housing Public Facility Corporation
105 E. Eggleston Street
Manor, Texas 78653
Attention: City Manager

BOKF, NA
1401 McKinney, Suite 1000
Houston, Texas 77010
Attention: Rosalyn Davis

The undersigned, as the authorized representative of the general partner of Manor Leased Housing Associates I, Limited Partnership. (the “*Borrower*”), hereby certifies that he or she has read and is thoroughly familiar with the provisions of the various documents associated with the issuance of Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, including the related Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2024 (the “*Regulatory Agreement*”), among Manor Housing Public Facility Corporation (the “*Issuer*”), the Borrower and BOKF, NA (the “*Trustee*”) and the Indenture dated as of October 1, 2024 (the “*Indenture*”), among the Issuer, the Borrower and the Trustee, as well as other procedures and instructions and guidelines to maintain tax-exempt multiple family status, and certifies the following as of the date of this certificate:

_____ Total Occupied Units in Development

_____ Total Vacant Units

_____ Total Units

_____ Units Occupied by Low-Income Tenants (as defined in the Regulatory Agreement)

_____ Units Held Vacant for Low-Income Tenants

_____ Total (At least 50% of Total Units) = _____ Units

_____ Units Occupied by Qualifying Tenants (as defined in the Regulatory Agreement)
 _____ Units Held Vacant for Occupancy Continuously Since Last Occupied by Qualifying Tenant
 _____ Total (At least 40% of Total Units) = _____ Units

The Borrower [has/has not] [circle one] complied with the 1372 Requirements for the previous quarter.

No default has occurred in observance of the covenants in the Regulatory Agreement, the Indenture or the other documents governing the Development.

Certified By:

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership

By: MHPFC TRGP1, LLC,
 a Texas limited liability company, its general partner

By: Manor Housing Public Facility Corporation, sole member of the general partner

By: _____
 Dr. Christopher Harvey
 President

Exhibit D

Freddie Mac Rider

This Freddie Mac Rider (the “*Rider*”) is attached to and forms a part of the Regulatory Agreement and Declaration of Restrictive Covenants (the “*Regulatory Agreement*”), dated as of October 1, 2024, by and among Manor Housing Public Facility Corporation (“*Governmental Lender*”), BOKF, NA, as fiscal agent (together with any successor in such capacity, the “*Fiscal Agent*”), and Manor Leased Housing Associates I, Limited Partnership, (together with any successor to its rights, duties and obligations hereunder and as owner of the Project identified herein, the “*Borrower*”).

1. *Definitions.* The terms used in this Rider (except as herein otherwise expressly provided or unless the context otherwise requires) shall have the respective meanings specified below. Terms used herein not otherwise defined shall have the respective meanings set forth in the Regulatory Agreement and the Funding Loan Agreement, as applicable.

“*Delivery Date*” means [October 29, 2024].

“*Fiscal Agent*” means BOKF, NA, as Fiscal Agent under the Funding Loan Agreement, and any successor thereto in such capacity.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States, and its successors and assigns.

“*Funding Lender*” means any person who is the holder of the Governmental Note, initially [], and on the Freddie Mac Purchase Date, Freddie Mac, and any successors or assigns thereof.

“*Funding Loan Agreement*” means the Funding Loan Agreement, dated as of October 1, 2024, by and among the Governmental Lender, the Initial Funding Lender and Fiscal Agent, as such Funding Loan Agreement may be amended, restated, supplemented or otherwise modified from time to time.

“*Governmental Lender*” means Manor Housing Public Facility Corporation and any successors and assigns thereof.

“*Governmental Note*” means the Multifamily Note delivered by the Governmental Lender pursuant to the Funding Loan Agreement.

“*Project Loan*” means the loan to the Borrower pursuant to the Project Loan Documents, which Project Loan is to be assigned to the Fiscal Agent.

“*Project Loan Agreement*” means the Project Loan Agreement to be entered into among the Borrower, the Governmental Lender and the Fiscal Agent, as such Project Loan Agreement may from time to time be amended or supplemented.

“*Project Loan Documents*” means the Security Instrument, the Project Note, the Project Loan Agreement, the Tax Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“*Project Note*” means the Project Note, including applicable addenda, to be executed by the Borrower in favor of the Governmental Lender, evidencing the Borrower’s financial obligations under the Project Loan, and to be endorsed by the Governmental Lender, without recourse, to the order of the Fiscal Agent, as the same may be amended, modified, supplemented or restated from time to time.

“*Security Instrument*” means the Multifamily Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing, together with all riders thereto, securing the Project Note, to be executed by the Borrower with respect to the Project, as it may be amended, modified, supplemented or restated from time to time.

“*Servicer*” means JLL Real Estate Capital, LLC, or any successor Servicer selected by Freddie Mac.

2. *Applicability.* The provisions of this Rider shall amend and supplement the provisions of, and in the event of a conflict shall supersede the conflicting provisions of, the Regulatory Agreement.

3. *Indemnification.* Inasmuch as the covenants, reservations and restrictions of the Regulatory Agreement run with the land, the indemnification obligations of the Borrower contained in the Regulatory Agreement will be deemed applicable to any successor in interest to the Borrower, but, it is acknowledged and agreed, notwithstanding any other provision of the Regulatory Agreement to the contrary, that neither the Funding Lender nor any successor in interest to the Funding Lender will assume or take subject to any liability for the indemnification obligations of the Borrower for acts or omissions of the Borrower prior to any transfer of title to Freddie Mac, whether by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan. The Borrower shall remain liable under the indemnification provisions for its acts and omissions prior to any transfer of title to the Funding Lender. The Funding Lender shall indemnify the Governmental Lender following acquisition of the Project by the Funding Lender, by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan, during, and only during, any ensuing period that the Funding Lender owns and operates the Project, provided that the Funding Lender’s liability shall be strictly limited to acts and omissions of the Funding Lender occurring during the period of ownership and operation of the Project by the Funding Lender. The Funding Lender shall have no indemnification obligations with respect to the Governmental Note or the Project Loan Documents. The Borrower shall remain liable under

the Regulatory Agreement for its actions and omissions prior to any transfer of title to the Funding Lender.

4. *Sale or Transfer.* Restrictions on sale or transfer of the Project or of any interest in the Borrower, Governmental Lender and/or Fiscal Agent consents, transferee agreements, transferee criteria and requirements, opinion requirements, assumption fees, transfer fees, penalties and the like shall not apply to any transfer of title to the Project to the Funding Lender or to a third party by foreclosure, deed in lieu of foreclosure or comparable conversion of the Project Loan or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan. No transfer of the Project shall operate to release the Borrower from its obligations under the Regulatory Agreement. Nothing contained in the Regulatory Agreement shall affect any provision of the Security Instrument or any of the other Project Loan Documents that requires the Borrower to obtain the consent of the Funding Lender as a precondition to sale, transfer or other disposition of, or any direct or indirect interest in, the Project or of any direct or indirect interest in the Borrower, excluding transfers permitted by the Security Instrument. No covenant obligating the Borrower to obtain an agreement from any transferee to abide by all requirements and restrictions of the Regulatory Agreement shall have any applicability to a transfer to the Funding Lender upon foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan by the Funding Lender, or to any subsequent transfer by the Funding Lender following foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

5. *Enforcement.* Notwithstanding anything contained in the Regulatory Agreement to the contrary: (i) the occurrence of an event of default under the Regulatory Agreement shall not, under any circumstances whatsoever, be deemed or constitute a default under the Project Loan Documents, except as may be otherwise specified in the Project Loan Documents; and (ii) the occurrence of an event of default under the Regulatory Agreement shall not impair, defeat or render invalid the lien of the Security Instrument. No person other than the Funding Lender shall have the right to (a) declare the principal balance of the Project Note to be immediately due and payable or (b) commence foreclosure or other like action with respect to the Security Instrument. The Governmental Lender and the Fiscal Agent acknowledge and agree that the exercise of any rights and remedies under the Regulatory Agreement is subject to the provisions of the Project Loan Documents.

6. *Notice of Violations.* Promptly upon determining that a violation of the Regulatory Agreement has occurred, the Governmental Lender or the Fiscal Agent shall, by notice in writing to the Borrower, the Servicer and the Funding Lender, inform the Borrower, the Servicer and the Funding Lender that such violation has occurred, the nature of the violation and that the violation has been cured or has not been cured, but is curable within a reasonable period of time, or is incurable; notwithstanding the occurrence of such violation, neither the Governmental Lender nor the Fiscal Agent shall have, and each of them acknowledge that they shall not have, any right to cause or direct acceleration of the Project Loan, to enforce the Project Note or to foreclose on the Security Instrument.

7. *Amendments.* The Regulatory Agreement shall not be amended without the prior written consent of the Funding Lender.

8. *Fees; Penalties.* The Funding Lender shall not be liable for the payment of any compensation or any accrued unpaid fees, costs, expenses or penalties otherwise owed by the Borrower or any subsequent owner of the Project prior to the date of acquisition of the Project by the Funding Lender, whether such acquisition is by foreclosure, deed-in-lieu of foreclosure or comparable conversion of the Project Loan.

9. *Subordination.* The terms, covenants and restrictions of the Regulatory Agreement, other than those set forth in Sections 1 through 4, are and shall at all times remain subject and subordinate, in all respects, to the liens, rights and interests created under the Project Loan Documents.

10. *Third-Party Beneficiary.* The parties to the Regulatory Agreement recognize and agree that the terms of the Regulatory Agreement and the enforcement of those terms are essential to the security of the Funding Lender and are entered into for the benefit of various parties, including the Funding Lender. The Funding Lender shall accordingly have contractual rights in the Regulatory Agreement and shall be entitled (but not obligated) to enforce, separately or jointly with the Governmental Lender and/or the Fiscal Agent, or to cause the Governmental Lender or the Fiscal Agent to enforce, the terms of the Regulatory Agreement. In addition, the Funding Lender is intended to be and shall be a third-party beneficiary of the Regulatory Agreement.

11. *Notices.* Copies of all notices under the Regulatory Agreement shall be sent to the Servicer at the address set forth below or to such other address as the Servicer may from time to time designate:

JLL Real Estate Capital, LLC
2401 Cedar Springs Road, Suite 100
Dallas, Texas 75201

With a copy to: Kutak Rock LLP
1650 Farnam Street
Omaha, NE 68102
Attention: []

Any notice to be given to Freddie Mac shall be sent to Freddie Mac at the address set forth below or to such other address as Freddie Mac may from time to time designate:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4P
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
Email: mfla@freddiemac.com
Telephone: (703) 714-4177

with a copy to: Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive, MS 210
McLean, Virginia 22102
Attention: Managing Associate General Counsel – Multifamily
Legal Division
Email: []@freddiemac.com
Telephone: (703) 903-2000

12. *Effectiveness.* This Rider shall only become effective upon the execution and delivery of the Funding Loan Agreement, the Project Loan Agreement, the Governmental Note and the Project Note, as set forth in Section 17 of the Regulatory Agreement.

In the opinion of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, Bond Counsel, under existing laws, regulations, rulings and judicial decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants, interest on the Subordinate Bonds is excludable from gross income for federal income tax purposes, except for interest on any Subordinate Bond for any period during which such Subordinate Bond is held by a "substantial user" of the facilities financed by the Subordinate Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, and interest on the Subordinate Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Subordinate Bonds may affect the federal alternative minimum tax imposed on certain corporations. For a more detailed description of such opinions of Bond Counsel, see "TAX MATTERS" in this Limited Offering Memorandum. **[TO BE UPDATED BY CHAPMAN & CUTLER LLP]**

\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

Dated: Date of Issuance

Due: May 1, as shown on inside front cover

The above-referenced obligations (the "Subordinate Bonds"), and the interest thereon, are special, limited obligations of the Manor Housing Public Facility Corporation (the "Issuer") payable exclusively from the sources described herein, and do not constitute a debt or a loan of credit or a pledge of the full faith and credit or taxing power of the Issuer, the City of Manor, Texas (the "City"), the State of Texas (the "State"), or of any political subdivision thereof, within the meaning of any Texas constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer, the City, the State, or of any political subdivision thereof. The Subordinate Bonds are not secured by or payable from any taxes, revenues, or assets of the Issuer except for the Issuer's interest in the Subordinate Loan Agreement (as defined herein), excluding certain unassigned rights of the Issuer including without limitation the Issuer's rights to indemnification and payment of its fees and expenses, and amounts held by the Subordinate Trustee (defined below) pursuant to the Subordinate Indenture (defined below). Undefined capitalized terms used on this cover page are defined in the text hereof or in APPENDIX C-1 or APPENDIX C-2 to this Limited Offering Memorandum.

Pursuant to the Subordinate Loan Agreement, dated as of October 1, 2024 (the "Subordinate Loan Agreement"), between the Issuer and Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the "Borrower"), all proceeds of the Subordinate Bonds will be loaned by the Issuer to the Borrower to be used, together with other available funds of the Borrower and proceeds of the Senior Bonds and the Taxable Bridge Loan (each defined herein) in order to: (i) finance or refinance all or a portion of the cost of the acquisition, construction, improvement, equipping, and/or operating of an affordable multifamily housing facility consisting of 324 dwelling units located at 12200 Tower Road in the City on land owned by the Issuer and leased to the Borrower under a Ground Lease (as defined herein) (the "Housing Project"); (ii) fund capitalized interest on the Subordinate Bonds; and (iii) pay the costs of issuance for the Subordinate Bonds. The Subordinate Bonds will be payable solely from the money and investments held for the payment thereof by BOKF, NA, as trustee for the Subordinate Bonds (the "Subordinate Trustee"), under the Subordinate Indenture of Trust, dated as of October 1, 2024 (the "Subordinate Indenture"), including loan repayments ("Basic Payments") required to be made under the Subordinate Loan Agreement by the Borrower. The Basic Payments will be made by the Borrower solely from Available Revenue. The Subordinate Bonds will be secured by (a) amounts held under the Subordinate Indenture including Basic Payments, (b) a subordinate mortgage lien on and security interest in the Housing Project (initially subject to the terms of the Ground Lease), and (c) a guaranty by Dominion Holdings II, LLC (the "Guarantor") of the Basic Payments and other payments required under the Subordinate Loan Agreement. See "THE SUBORDINATE BONDS" and "SECURITY FOR THE SUBORDINATE BONDS" in this Limited Offering Memorandum.

The Subordinate Bonds are subject to redemption and prepayment, including mandatory sinking fund redemption, optional redemption, extraordinary redemption in the event of damage, destruction or condemnation of the Housing Project or in the event of certain changes in the Constitution or laws of the United States or the State, and mandatory redemption in the event of a Determination of Taxability, as described herein under "THE SUBORDINATE BONDS - Redemption and Prepayment" in this Limited Offering Memorandum.

Interest on the Subordinate Bonds is payable (i) with respect to the Current Interest Rate, on the 1st day of each month, commencing [] 1, 2025], and continuing until payment in full of the Subordinate Bonds, and (ii) with respect to the Accrual Interest Rate, each May 1 commencing after the Deferred Developer Fee is paid in full (as certified in writing by the Borrower to the Subordinate Trustee and the Issuer) and there is Surplus Cash available to make such payment after the required payment of the Current Interest Rate Amount and other prior items in the cash flow waterfall in the Borrower's Partnership Agreement (as defined herein) and continuing until payment in full of the Subordinate Bonds. The Subordinate Bonds are being issued in minimum denominations of \$250,000 or multiples of \$5,000 in excess thereof. The Subordinate Bonds will be issued as fully registered bonds in book-entry form only. All Subordinate Bonds will be deposited with The Depository Trust Company ("DTC") and registered in the name of Cede & Co., the partnership nominee of DTC. All transfers and registrations of beneficial ownership will be recorded solely in the records of the Direct Participants and Indirect Participants. Principal and interest payments on the Subordinate Bonds will be made to DTC and DTC will credit accounts and transfer payments to Direct Participants and Indirect Participants in accordance with their respective holdings. See "APPENDIX E - BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

THE SUBORDINATE BONDS, AND THE INTEREST THEREON WILL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER AND WILL BE PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE (AS DEFINED IN THE SUBORDINATE INDENTURE). THE SUBORDINATE BONDS WILL NOT CONSTITUTE A DEBT OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE CITY, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY TEXAS CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF. THE SUBORDINATE BONDS WILL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT WILL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON THE SUBORDINATE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, EXECUTIVE DIRECTOR, MEMBER, PROGRAM MANAGER, EMPLOYEE, COUNSEL, ADVISOR, CONTRACTOR, CONSULTANT OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EXECUTIVE DIRECTORS, MEMBERS, PROGRAM MANAGERS, EMPLOYEES, COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS OR AGENTS, IF ANY, AS SUCH IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE SUBORDINATE BONDS.

THE SUBORDINATE BONDS ARE SUBJECT TO A SIGNIFICANT DEGREE OF RISK. THE SUBORDINATE BONDS ARE SUITABLE FOR INVESTMENT CONSIDERATION ONLY FOR THOSE PURCHASERS WHO ARE SOPHISTICATED AND EXPERIENCED IN THE FIELD OF HIGH YIELD MULTIFAMILY HOUSING BONDS. NO RATING FOR THE SUBORDINATE BONDS HAS BEEN APPLIED FOR. THE SUBORDINATE BONDS ARE INITIALLY OFFERED ONLY TO "QUALIFIED INSTITUTIONAL BUYERS" ("QUALIFIED INSTITUTIONAL BUYERS") AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "1933 ACT") WHICH DELIVER AN INVESTOR LETTER IN THE FORM SET FORTH AT APPENDIX F HERETO. SEE "SECURITY FOR THE SUBORDINATE BONDS" AND "BONDHOLDERS' RISKS" IN THIS LIMITED OFFERING MEMORANDUM. SEE ALSO "THE SUBORDINATE BONDS - TRANSFER RESTRICTIONS" IN THIS LIMITED OFFERING MEMORANDUM FOR A DESCRIPTION OF APPROVED TRANSFERREES.

Simultaneously with the issuance of the Subordinate Bonds, the Issuer is also issuing its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the "Senior Bonds"), in the original principal amount of \$[], the aggregate proceeds of which will be used to make a loan to the Borrower to finance a portion of the cost of the Borrower's acquisition and construction of the Housing Project. The Senior Bonds are not being offered pursuant to this Limited Offering Memorandum. Closing on the Subordinate Bonds is contingent on the issuance of the Senior Bonds. This cover page contains certain information for quick reference only. This cover page is not intended to be a summary of the Subordinate Bonds or the security therefor. An investment in the Subordinate Bonds is subject to certain risks. See "BONDHOLDERS' RISKS" in this Limited Offering Memorandum.

The maturity schedule for the Subordinate Bonds is set forth on the inside front cover page.

The Subordinate Bonds are offered when, as and if issued by the Issuer, subject to prior sale, withdrawal or modification of the offer without notice, and subject to the approval of legality by the Attorney General of Texas and by Bickerstaff Heath Delgado Acosta LLP in Austin, Texas and as to their tax-exempt status by Chapman & Cutler LLP in Chicago, Illinois. Certain legal matters will be passed upon for the Borrower by its counsel, Winthrop & Weinstine, P.A., Minneapolis, Minnesota, and for Colliers Securities LLC (the "Placement Agent") by its counsel, Ballard Spahr LLP, Minneapolis, Minnesota, and Bickerstaff Heath Delgado Acosta LLP in Austin, Texas for the Issuer. Certain financial advisory services will be provided to the Issuer by Hilltop Securities, Inc., Austin, Texas. It is expected that delivery of the Subordinate Bonds will be made through the facilities of DTC in New York, New York on or about October [], 2024.



The date of this Limited Offering Memorandum is October [], 2024.

MATURITY SCHEDULE

\$4,000,000
Manor Housing Public Finance Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

\$4,000,000 Series 2024 Term Bond due May 1, 2065
7.00% Current Interest Rate ⁽¹⁾
7.00% Accrual Interest Rate ⁽²⁾
Price of 100%
CUSIP [_____] ⁽³⁾

- ⁽¹⁾ For a more complete description of the Current Interest Rate, see “THE SUBORDINATE BONDS – Interest; Maturity; Payment – Current Interest Rate” in this Limited Offering Memorandum.
- ⁽²⁾ For a more complete description of the Accrual Interest Rate, see “THE SUBORDINATE BONDS – Interest; Maturity; Payment – Accrual Interest Rate” in this Limited Offering Memorandum.
- ⁽³⁾ CUSIP is a registered trademark of the American Bankers Association (“ABA”). CUSIP Global Services (CSG) is managed on behalf of the ABA by FactSet Research Systems Inc. CUSIP data herein is provided by CSG. The CUSIP numbers listed above are being provided solely for the convenience of Holders of the Subordinate Bonds only at the time of issuance of the Subordinate Bonds and neither the Issuer nor the Placement Agent nor the Borrower makes any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

Issuer

Manor Housing Public Facility Corporation
Manor, Texas

Issuer's Financial Advisor

Hilltop Securities, Inc.
Austin, Texas

Borrower

Manor Leased Housing Associates I, LP
Manor, Texas

Borrower's Counsel

Winthrop & Weinstine, P.A.
Minneapolis, Minnesota

Bond Counsel

Bickerstaff Heath Delgado Acosta LLP
Austin, Texas

Special Tax Counsel

Chapman & Cutler LLP
Chicago, Illinois

Placement Agent

Colliers Securities LLC
Minneapolis, Minnesota

Placement Agent's Counsel

Ballard Spahr LLP
Minneapolis, Minnesota

Subordinate Trustee

BOKF NA
Houston, Texas

NO BROKER, DEALER, SALESMAN OR OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATIONS OTHER THAN THOSE CONTAINED IN THIS LIMITED OFFERING MEMORANDUM IN CONNECTION WITH THE OFFERING OF THE SUBORDINATE BONDS DESCRIBED HEREIN AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE ISSUER OR THE BORROWER. NEITHER THE DELIVERY OF THIS LIMITED OFFERING MEMORANDUM NOR ANY SALE OF THE SUBORDINATE BONDS DESCRIBED HEREIN SHALL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE BORROWER SINCE THE DATE HEREOF. THE INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM HAS BEEN OBTAINED FROM THE BORROWER AND OTHER SOURCES BELIEVED BY THE BORROWER AND PLACEMENT AGENT TO BE RELIABLE, BUT SUCH INFORMATION IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS AND IS NOT TO BE CONSTRUED AS A REPRESENTATION BY THE ISSUER OR THE PLACEMENT AGENT. THIS LIMITED OFFERING MEMORANDUM DOES NOT CONSTITUTE AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY ANY SECURITIES OTHER THAN THE SUBORDINATE BONDS OFFERED HEREBY, NOR SHALL THERE BE ANY OFFER OR SOLICITATION OF SUCH OFFER OR SALE OF THE SUBORDINATE BONDS BY ANY PERSON IN ANY JURISDICTION IN WHICH IT IS UNLAWFUL FOR SUCH PERSON TO MAKE SUCH OFFER, SOLICITATION OR SALE.

NONE OF THE DIRECTORS OF THE ISSUER, ITS EXECUTIVE DIRECTORS, OFFICERS, COUNSEL, ADVISORS, AGENTS, CONTRACTORS, CONSULTANTS, PROGRAM MANAGERS OR EMPLOYEES HAVE REVIEWED THIS LIMITED OFFERING MEMORANDUM OR INVESTIGATED THE STATEMENTS OR REPRESENTATIONS CONTAINED HEREIN, EXCEPT FOR THOSE STATEMENTS, SOLELY AS THEY RELATE TO THE ISSUER SET FORTH UNDER THE CAPTIONS “THE ISSUER” AND “ABSENCE OF MATERIAL LITIGATION – THE ISSUER.” EXCEPT WITH RESPECT TO THE INFORMATION CONTAINED UNDER SUCH CAPTIONS (SOLELY AS SUCH INFORMATION RELATES TO THE ISSUER), NONE OF THE DIRECTORS OF THE ISSUER, ITS EXECUTIVE DIRECTORS, OFFICERS, COUNSEL, ADVISORS, AGENTS, CONTRACTORS, CONSULTANTS, PROGRAM MANAGERS OR EMPLOYEES MAKES ANY REPRESENTATION AS TO THE COMPLETENESS, SUFFICIENCY AND TRUTHFULNESS OF THE STATEMENTS SET FORTH IN THIS LIMITED OFFERING MEMORANDUM. NONE OF THE DIRECTORS OF THE ISSUER, ITS EXECUTIVE DIRECTORS, OFFICERS, COUNSEL, ADVISORS, AGENTS, CONTRACTORS, CONSULTANTS, PROGRAM MANAGERS, EMPLOYEES OR ANY OTHER PERSON EXECUTING THE SUBORDINATE BONDS ARE OR WILL BE SUBJECT TO PERSONAL LIABILITY BY REASON OF THE ISSUANCE OF THE SUBORDINATE BONDS. THE ISSUER ASSUMES NO RESPONSIBILITY FOR THIS LIMITED OFFERING MEMORANDUM AND HAS NOT REVIEWED OR UNDERTAKEN TO VERIFY ANY INFORMATION CONTAINED IN THIS LIMITED OFFERING MEMORANDUM.

THE INFORMATION SET FORTH UNDER “THE SUBORDINATE BONDS – BOOK-ENTRY ONLY SYSTEM” AND “APPENDIX E – BOOK-ENTRY ONLY SYSTEM” HAS BEEN OBTAINED FROM THE DEPOSITORY TRUST COMPANY. ALL OTHER INFORMATION SET FORTH HEREIN HAS BEEN OBTAINED FROM THE BORROWER AND OTHER NOTED SOURCES WHICH ARE BELIEVED TO BE RELIABLE, BUT IT IS NOT GUARANTEED AS TO ACCURACY OR COMPLETENESS.

THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE COVER PAGE HEREOF, IS PROVIDED FOR THE PURPOSE OF SETTING FORTH INFORMATION IN CONNECTION WITH THE ISSUANCE AND SALE OF THE SUBORDINATE BONDS. THIS LIMITED OFFERING MEMORANDUM SPEAKS ONLY AS OF ITS DATE, AND THE INFORMATION CONTAINED HEREIN IS SUBJECT TO CHANGE. THE DESCRIPTION OF THE SUBORDINATE BONDS AND THE DOCUMENTS AUTHORIZING AND SECURING THE SUBORDINATE BONDS CONTAINED HEREIN DO NOT PURPORT TO BE COMPREHENSIVE OR DEFINITIVE. ALL REFERENCES TO AND DESCRIPTION OF SUCH DOCUMENTS HEREIN ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH DOCUMENTS. COPIES OF SUCH DOCUMENTS NOT REPRODUCED IN THIS LIMITED OFFERING MEMORANDUM MAY BE OBTAINED FROM BOKF, NA, AS TRUSTEE.

THE SUBORDINATE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE SUBORDINATE INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE SUBORDINATE BONDS IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF THE STATES, IF ANY, IN WHICH THE SUBORDINATE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE SUBORDINATE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS LIMITED OFFERING MEMORANDUM AND ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE BORROWER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY BODY, AND NO SUCH AUTHORITIES HAVE CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS LIMITED OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

This Limited Offering Memorandum is being furnished by the Placement Agent to a limited number (35 or less) of sophisticated investors (Approved Buyers (as defined herein)) in minimum denominations of \$250,000 or multiples of \$5,000 in excess thereof solely for the purpose of each investor's consideration of the purchase of the Subordinate Bonds described herein, and is not to be used for any other purpose or made available to anyone not directly concerned with the decision regarding such purchase. It is not anticipated that there will be more than 35 holders of the Subordinate Bonds.

The Placement Agent has provided the following sentence for inclusion in this Limited Offering Memorandum. The Placement Agent has reviewed the information in this Limited Offering Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Placement Agent does not guarantee the accuracy or completeness of such information.

The Subordinate Trustee has not participated in the preparation of this Limited Offering Memorandum or any other disclosure documents relating to the Subordinate Bonds. Except for information under the heading "THE SUBORDINATE TRUSTEE," the Subordinate Trustee has or assumes no responsibility as to the accuracy or completeness of any information contained in this Limited Offering Memorandum or any other such disclosure documents.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

THIS LIMITED OFFERING MEMORANDUM, INCLUDING THE APPENDICES HERETO, CONTAINS STATEMENTS WHICH SHOULD BE CONSIDERED "FORWARD-LOOKING STATEMENTS," MEANING THEY REFER TO POSSIBLE FUTURE EVENTS OR CONDITIONS. SUCH STATEMENTS ARE GENERALLY IDENTIFIABLE BY THE WORDS SUCH AS "PLAN," "EXPECT," "ESTIMATE," "BUDGET," OR SIMILAR WORDS. THE ACHIEVEMENT OF CERTAIN RESULTS OR OTHER EXPECTATIONS CONTAINED IN SUCH FORWARD-LOOKING STATEMENTS INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE ACTUAL RESULTS, PERFORMANCE OR ACHIEVEMENTS DESCRIBED TO BE MATERIALLY DIFFERENT FROM ANY FUTURE RESULTS, PERFORMANCE, OR ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. THE BORROWER DOES NOT EXPECT OR INTEND TO ISSUE ANY UPDATES OR REVISIONS TO THOSE FORWARD-LOOKING STATEMENTS IF OR WHEN ITS EXPECTATIONS, OR EVENTS, CONDITIONS OR CIRCUMSTANCES ON WHICH SUCH STATEMENTS ARE BASED, OCCUR.

NOTICE TO INVESTORS OF THE SUBORDINATE BONDS

The Subordinate Bonds are to be initially placed only with 35 or less Qualified Institutional Buyers (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”) (an “Approved Buyer”), executing an investor letter in the form attached hereto as “APPENDIX F – FORM OF INVESTOR LETTER.” In addition, the face of each Subordinate Bond contains a legend to the effect that such Subordinate Bond can only be transferred (A) to an Approved Buyer, or (B) “accredited investors” as defined in Section 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the 1933 Act (“Institutional Accredited Investors”), (C) a transferee composed solely of Qualified Institutional Buyers or Institutional Accredited Investors, or (D) a deposit or sale of the Subordinate Bonds in or to a trust or custodial entity or arrangement, or any repurchase transaction or other secured lending transaction in which title, rights, or interest in the Subordinate Bonds are granted to a buyer or transferee, with respect to which, in each sale, each of the beneficial owners of which are Qualified Institutional Buyers or “accredited investors” as defined in Section 501(a) of Regulation D promulgated under the 1933 Act ((A) through (D), an “Approved Transferee”).

Each initial purchaser of any Subordinate Bond or ownership interest therein will be deemed to have acknowledged, represented, warranted, and agreed with and to the Issuer, the Borrower, the Placement Agent and the Trustee as follows:

(a) That the Subordinate Bonds are special, limited obligations of the Issuer, payable solely from certain revenues received by the Issuer pursuant to the Subordinate Loan Agreement, between the Issuer and the Borrower, as amended from time to time, and delivered to the Issuer pursuant to the Subordinate Loan Agreement, and, in certain circumstances, out of amounts secured by the exercise of remedies provided in the Subordinate Indenture, between the Issuer and the Trustee and the Subordinate Loan Agreement. See “SECURITY FOR THE SUBORDINATE BONDS” and “ESTIMATED SOURCES AND USES OF FUNDS” in this Limited Offering Memorandum. The Subordinate Bonds shall never be payable out of any funds of the Issuer except the Trust Estate. THE SUBORDINATE BONDS ARE NOT OBLIGATIONS OF THE CITY OF MANOR, TEXAS (THE “CITY”), THE STATE OF TEXAS (“STATE”), ANY POLITICAL SUBDIVISION THEREOF, OR ANY ENTITY OTHER THAN THE ISSUER. NONE OF THE CITY, THE STATE, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION, OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE SUBORDINATE BONDS OR THE INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY, THE STATE OR ANY OTHER POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON THE SUBORDINATE BONDS. THE ISSUER HAS NO TAXING POWER.

(b) That it is an Approved Buyer.

(c) That the Subordinate Bonds (i) have not been registered under the Securities Act and are not registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state, (ii) will not be listed on any stock or other securities exchange, and (iii) may not be readily marketable.

(d) That such purchaser acknowledges that the Subordinate Bonds and beneficial ownership interests therein may only be transferred to an Approved Transferee.

(e) That such purchaser acknowledges that the Issuer, the Borrower, the Trustee, the Placement Agent and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations and agreements.

(f) That none of the Issuer, the City, the State, nor any of their respective directors, executive directors, program managers, counsel, agents, consultants, contractors, officers or employees takes any responsibility for, and the purchaser must not rely upon any of such parties, with respect to information appearing anywhere in this Limited Offering Memorandum, other than the information under the captions “THE ISSUER,” and “ABSENCE OF MATERIAL LITIGATION – The Issuer,” for which the Issuer is responsible and solely as such information relates to the Issuer (the “Issuer’s Portion” of the Limited Offering Memorandum). None of such parties have participated in the preparation of this Limited Offering Memorandum except with respect to the Issuer’s Portion of the Limited Offering Memorandum.

(g) That each purchaser must review this entire Limited Offering Memorandum and the Appendices hereto, including the information relating to the sources of repayment of the Subordinate Bonds, the Housing Project financed with proceeds of the Subordinate Bonds, and the Borrower (including financial and operating data). The

Limited Offering Memorandum is not guaranteed as to its accuracy or completeness, and is not a representation by and is not to be construed as a representation by the Placement Agent.

(h) That each purchaser must be able to bear the economic risk associated with a purchase of securities such as the Subordinate Bonds and must have the knowledge and experience in business and financial matters, including the analysis of a participation in the purchase of similar investments, necessary so as to be capable of evaluating the merits and risks of an investment in the Subordinate Bonds on the basis of the information and review described herein.

No dealer, salesman, or other person has been authorized to give any information or to make any representation, other than the information contained in this Limited Offering Memorandum, in connection with the offering of the Subordinate Bonds, and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Borrower, the Trustee or the Placement Agent. The information in this Limited Offering Memorandum is subject to change without notice, and neither the delivery of this Limited Offering Memorandum nor any sale hereunder will, under any circumstances, create any implication that there has been no change in the affairs of the Issuer, the Borrower, the Trustee or the Placement Agent since the date hereof. This Limited Offering Memorandum does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation.

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SUMMARY INFORMATION

The following is a summary of certain information contained in this Limited Offering Memorandum. This summary is not comprehensive or complete and is qualified in its entirety by reference to the complete Limited Offering Memorandum. Undefined capitalized terms used below are defined in APPENDIX C-1 or APPENDIX C-2 to this Limited Offering Memorandum or elsewhere herein.

The IssuerThe Manor Housing Public Facility Corporation (the “Issuer”) is a public facility corporation organized and existing under the laws of the State of Texas (the “State”), is authorized to issue the Subordinate Bonds (as defined under the heading “The Subordinate Bonds” below) pursuant to the Texas Local Government Code, Chapter 303, as amended (the “Act”) and a resolution of the governing body of the Issuer adopted on October 16, 2024 (the “Bond Resolution”) for the purposes of, among others, financing the acquisition, construction and/or operation of an affordable multifamily housing facility. See “THE ISSUER” in this Limited Offering Memorandum.

The BorrowerManor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “Borrower”) was formed on September 18, 2023 for the purpose of owning the Housing Project (as defined below). See “THE BORROWER” and “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

The Subordinate Bonds.. The Issuer will issue its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “Subordinate Bonds”), in the original aggregate principal amount of \$4,000,000, in minimum denominations of \$250,000 or multiples of \$5,000 in excess thereof. The Subordinate Bonds will be issued under the terms of a Subordinate Indenture of Trust, dated as of October 1, 2024 (the “Subordinate Indenture”), between the Issuer and BOKF, NA, as trustee for the Subordinate Bonds (the “Subordinate Trustee”). The Issuer will loan the proceeds of the Subordinate Bonds to the Borrower pursuant to a Subordinate Loan Agreement, dated as of October 1, 2024 (the “Subordinate Loan Agreement”), between the Issuer and the Borrower, and the Borrower’s obligation to repay such loan will be evidenced by a promissory note executed by the Borrower in favor of the Issuer and endorsed by the Issuer to the Subordinate Trustee (the “Subordinate Note”). See “THE SUBORDINATE BONDS” and “THE ISSUER” in this Limited Offering Memorandum.

Housing Project;

Use of ProceedsThe proceeds received by the Issuer from the sale of the Subordinate Bonds will be loaned to the Borrower, to be used, together with other available funds of the Borrower and proceeds of the Senior Bonds, the Construction Loan and the Taxable Bridge Loan (each defined herein), to: (i) finance or refinance all or a portion of the cost of the acquisition, construction, improvement, equipping of an affordable multifamily housing facility consisting of 324 dwelling units located at 12200 Tower Road in the City of Manor, Texas (the “City”) on land owned by the Issuer and leased to the Borrower under the Ground Lease (as defined herein) (the “Housing Project”); (ii) fund capitalized interest on the Subordinate Bonds; and (iii) pay the costs of issuance for the Subordinate Bonds. See “THE HOUSING PROJECT AND PLAN OF FINANCE,” “ESTIMATED SOURCES AND USES OF FUNDS,” and “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

The GuarantorDominium Holdings II, LLC (the “Guarantor”) will guaranty the payment of the Borrower’s Basic Payments (as defined below) and Additional Charges (as defined in the Subordinate Indenture) under the Subordinate Loan Agreement which amounts include current debt service on the Subordinate Bonds. See “THE GUARANTOR” and “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

The ManagerThe Housing Project will be managed by Dominium Texas Management Services, LLC (the “Manager”). The Dominium property management affiliates, including the Manager,

manage approximately 38,000 units of various types of housing in 22 states. See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

Plan of Finance Simultaneously with the issuance of the Subordinate Bonds, the Borrower will become obligated on various loans and receive funds from Low-Income Tax Credits in order to fund the Housing Project. For a more detailed discussion, see “THE HOUSING PROJECT AND PLAN OF FINANCE – *The Senior Bonds*” in this Limited Offering Memorandum for further discussion and description of the plan of finance.

Interest Payment Interest on the Subordinate Bonds is calculated and payable as follows: (i) with respect to the Current Interest Rate, the 1st day of each month, commencing [_____ 1, 2025] and continuing until payment in full of the Subordinate Bonds, and (ii) with respect to the Accrual Interest Rate, each May 1 commencing after the Deferred Developer Fee is paid in full and there is Surplus Cash (as defined in the Subordinate Indenture) available to make such payment after the required payment of the Current Interest Rate Amount (the “Accrual Interest Rate Payment Date”) and continuing until payment in full of the Subordinate Bonds pursuant to the procedures of The Depository Trust Company (“DTC”), so long as the Subordinate Bonds are in book-entry form, or by check or draft of the Subordinate Trustee mailed to the persons who are the registered owners of the Subordinate Bonds as of the fifteenth day of the calendar month preceding the Interest Payment Date; provided, however, that upon written notice and instructions to the Subordinate Trustee, any Bondholder of Subordinate Bonds in principal amount of \$500,000 or more may receive payment of interest by wire transfer as provided in the Subordinate Indenture. Principal of the Subordinate Bonds will be payable on May 1 as described herein. Principal and premium, if any, will be payable at the designated corporate trust office of the Subordinate Trustee. See “THE SUBORDINATE BONDS – Interest; Maturity; Payment” in this Limited Offering Memorandum.

Initial Purchaser and

Transfer Restrictions The Subordinate Bonds may only be transferred, in whole or in part, to (A) an Approved Buyer, or (B) “accredited investors” as defined in Section 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the 1933 Act (“Institutional Accredited Investors”), (C) a transferee composed solely of Qualified Institutional Buyers or Institutional Accredited Investors, or (D) a deposit or sale of the Subordinate Bonds in or to a trust or custodial entity or arrangement, or any repurchase transaction or other secured lending transaction in which title, rights, or interest in the Subordinate Bonds are granted to a buyer or transferee, with respect to which, in each sale, each of the beneficial owners of which are Qualified Institutional Buyers or “accredited investors” as defined in Section 501(a) of Regulation D promulgated under the 1933 Act ((A) through (D), an “Approved Transferee”). [INITIAL PURCHASER] (the “Initial Purchaser”) as the initial purchaser of the Subordinate Bonds will be required to execute an Investor Letter substantially in the form attached to this Limited Offering Memorandum in “APPENDIX F – FORM OF INVESTOR LETTER.”

The purchase restrictions apply to initial purchases of the Subordinate Bonds and to all subsequent sales or transfers of the Subordinate Bonds. See “NOTICE TO INVESTORS OF THE SUBORDINATE BONDS” and “THE SUBORDINATE BONDS –Transfer Restrictions” in this Limited Offering Memorandum

Redemption and

Prepayment As more fully described herein, the Subordinate Bonds are subject to redemption or prepayment prior to maturity, together with a payment of accrued interest, as set forth in the Subordinate Indenture. See “THE SUBORDINATE BONDS – Redemption and Prepayment” in this Limited Offering Memorandum for a description of the redemption provisions for the Subordinate Bonds.

Security for the

Subordinate Bonds The Subordinate Bonds and the interest thereon will be special, limited obligations of the Issuer and will be payable exclusively from the Trust Estate (as defined in the Subordinate Indenture).

The Subordinate Bonds are secured by a pledge of loan repayments (“Basic Payments”) payable by the Borrower under the terms of the Subordinate Loan Agreement which are anticipated to be sufficient, (together with capitalized interest) if timely paid in full, to pay when due all scheduled payments of (a) the amount of the interest on the Subordinate Bonds calculated at the Current Interest Rate (the “Current Interest Rate Amount”), (b) when payable, the amount of the interest on the Subordinate Bonds calculated at the Accrual Interest Rate (the “Accrual Interest Rate Amount”), and (c) the principal of the Subordinate Bonds. The Subordinate Bonds will be secured by and payable from the Trust Estate which includes (a) Available Revenue (as defined in APPENDIX C-1) which is comprised of (i) Surplus Cash, (ii) Sale or Refinancing Transaction Proceeds (as defined in the Subordinate Indenture), (iii) amounts held in the funds and accounts under the Subordinate Indenture (except the Rebate Fund), including any earnings thereon, (iv) proceeds of the Subordinate Mortgage (defined below), and (v) any other amounts contributed by the Borrower. See “SECURITY FOR THE SUBORDINATE BONDS” in this Limited Offering Memorandum.

Guaranty. Payment of principal of and the Current Interest Rate on the Subordinate Bonds (and the Accrual Interest Rate portion if accelerated and at Maturity) and performance by the Borrower of its obligations under the Subordinate Loan Agreement are fully and unconditionally guaranteed by the Guarantor under the terms of the Guaranty. See “THE GUARANTOR” and “SECURITY FOR THE SUBORDINATE BONDS” in this Limited Offering Memorandum.

Subordinate Mortgage. The Subordinate Bonds will be secured by a Subordinate Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated October [], 2024 (the “Subordinate Mortgage”), made by the Borrower in favor of the Issuer, as assigned to the Subordinate Trustee, pursuant to an Assignment of Leasehold Deed of Trust, dated October [], 2024, from the Issuer in favor of the Subordinate Trustee, and acknowledged by the Borrower, as the same may be amended, modified or supplemented from time to time (the “Assignment of Subordinate Mortgage”). Pursuant to the assigned Subordinate Mortgage, the Borrower has granted to the Subordinate Trustee a subordinate mortgage lien on, an assignment of leases and rents from, and security interest in substantially all of the Borrower’s leasehold interest in the land (initially subject to the terms of a Ground Lease) upon which the Housing Project is located, and personal property comprising the Housing Project (the “Mortgaged Property”), subject to Permitted Exceptions (as defined in the Subordinate Mortgage). See “SECURITY FOR THE SUBORDINATE BONDS” and “APPENDIX C-2 –SUBSTANTIALLY FINAL FORMS OF THE GUARANTY AND SUBORDINATE MORTGAGE – THE SUBORDINATE MORTGAGE” in this Limited Offering Memorandum.

Regulatory Agreement. The Housing Project will be operated as a qualified residential rental project within the meaning of Section 142(d) of the Code and during the Qualified Project Period (as defined in the Regulatory Agreement) not less than forty percent (40%) of the completed units will be occupied by individuals whose income is sixty percent (60%) or less of area median gross income (“Low Income Tenants”), all pursuant to the terms of a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2024 (the “Regulatory Agreement”), between the Issuer, the Borrower, the fiscal agent named therein, and the Trustee, with respect to the Senior Bonds and the Subordinate Bonds. Under the Regulatory Agreement, the Borrower will agree that, at all times during its term, the Borrower will rent at least 100% of the units in the Housing Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). See “RENTAL HOUSING REQUIREMENTS” and “APPENDIX A – THE BORROWER, THE

HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Tenant Income and Rent Limitations” in this Limited Offering Memorandum.

Voluntary Borrower

Continuing Disclosure Although the Borrower expects the Subordinate Bonds are exempt from the ongoing reporting requirements under Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the Borrower has voluntarily agreed to comply with the provisions of a Continuing Disclosure Agreement, dated as of October 1, 2024 (the “Continuing Disclosure Agreement”), between the Borrower and BOKF, NA, as dissemination agent. The Guarantor is not a party to the Continuing Disclosure Agreement. See “VOLUNTARY CONTINUING DISCLOSURE” and “APPENDIX G – FORM OF VOLUNTARY CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

Trustee and

Paying Agent BOKF, NA, in Houston, Texas. See “THE SUBORDINATE TRUSTEE” in this Limited Offering Memorandum.

Investment Risks..... An investment in the Subordinate Bonds involves risks, including, but not limited to, those discussed under “BONDHOLDERS’ RISKS” in this Limited Offering Memorandum.

No Rating..... The Subordinate Bonds are not rated by any national rating agency and no rating request has been made to any rating agency. See “BOND RATING NOT APPLIED FOR” in this Limited Offering Memorandum.

Market Study Apartment MarketData, LLC, has prepared a Market Feasibility Study for the Housing Project, dated April 24, 2024. See “BONDHOLDERS’ RISKS – Competition and Reliance on Market Study” and “APPENDIX B – MARKET STUDY” in this Limited Offering.

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LIMITED OFFERING MEMORANDUM

\$4,000,000

**Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024**

INTRODUCTORY STATEMENT

The following is a brief introduction to certain matters discussed elsewhere herein and is qualified in its entirety as to such matters by such discussion and the text of the actual documents described or referenced. Any capitalized term not required to be capitalized is used with the meaning assigned herein or in “APPENDIX C-1 – SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE INDENTURE, SUBORDINATE LOAN AGREEMENT AND REGULATORY AGREEMENT” and “APPENDIX C-2 – SUBSTANTIALLY FINAL FORMS OF THE GUARANTY AND SUBORDINATE MORTGAGE” or in the Subordinate Indenture, the Subordinate Loan Agreement, the Regulatory Agreement, or other document with respect to which the term is used. Any definition of a term contained in the text hereof is for ease of reference only and is qualified in its entirety by any corresponding definition in APPENDIX C-1 or APPENDIX C-2 or the documents with respect to which such term relates. The appendices hereto are an integral part of this Limited Offering Memorandum and each potential investor should review the appendices in their entirety.

General

This Limited Offering Memorandum provides information regarding the above-referenced bonds (the “Subordinate Bonds”) to be issued by the Manor Housing Public Facility Corporation (the “Issuer”) pursuant to the Texas Local Government Code, Chapter 303, as amended (the “Act”), pursuant to a Subordinate Indenture of Trust, dated as of October 1, 2024 (the “Subordinate Indenture”), between the Issuer and BOKF, NA, in Houston, Texas (the “Subordinate Trustee”) and a resolution of the governing body of the Issuer adopted on October 16, 2024 (the “Bond Resolution”). See “APPENDIX C-1 – SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE INDENTURE, SUBORDINATE LOAN AGREEMENT AND REGULATORY AGREEMENT – THE SUBORDINATE INDENTURE” in this Limited Offering Memorandum.

Pursuant to a Subordinate Loan Agreement, dated as of October 1, 2024 (the “Subordinate Loan Agreement”), between the Issuer and Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “Borrower”), proceeds from the sale of the Subordinate Bonds will be loaned to the Borrower to be used, together with other available funds of the Borrower and proceeds of the Senior Bonds, the Construction Loan and the Taxable Bridge Loan (each as defined herein), in order to: (i) finance or refinance all or a portion of the cost of the acquisition, construction, improvement, equipping, and/or operating of an affordable multifamily housing facility consisting of 324 dwelling units located at 12200 Tower Road in the City of Manor, Texas (the “City”) on land owned by the Issuer and leased to the Borrower under the Ground Lease (as defined herein) (the “Housing Project”); (ii) fund capitalized interest on the Subordinate Bonds; and (iii) pay the costs of issuance for the Subordinate Bonds. The Housing Project is restricted to families whose combined income is at or below sixty percent (60%) of the area median gross income (adjusted for family size). The Borrower’s obligation to repay such loan will be evidenced by a promissory note executed by the Borrower in favor of the Issuer and endorsed by the Issuer to the Subordinate Trustee (the “Subordinate Note”). See “ESTIMATED SOURCES AND USES OF FUNDS,” “RENTAL HOUSING REQUIREMENTS,” and “APPENDIX A – THE BORROWER, THE

HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

The Borrower

The Borrower was formed on September 18, 2023 for the purpose of owning the Housing Project. See “THE BORROWER” and “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

The Guarantor

Dominium Holdings II, LLC, a Minnesota limited liability company (the “Guarantor”) will guaranty the payment of debt service on the Subordinate Bonds pursuant to the terms of a Guaranty Agreement, dated as of October 1, 2024 (the “Guaranty”), executed by the Guarantor in favor of the Subordinate Trustee. See “THE GUARANTOR” and “SECURITY FOR THE SUBORDINATE BONDS – The Guaranty” in this Limited Offering Memorandum for more information with respect to the Guarantor and the Guaranty.

Security for the Subordinate Bonds

Trust Estate. Pursuant to the Subordinate Indenture, the Issuer has assigned and pledged the collateral described below (the “Trust Estate”) to the Subordinate Trustee to secure the payment of the principal of, premium, if any, and interest on the Subordinate Bonds when the same become due and payable:

(a) all rights, title, interest and privileges of the Issuer in, to and under the Subordinate Loan Agreement, including but not limited to all sums which the Issuer is entitled to receive from the Borrower pursuant to the Subordinate Loan Agreement and in particular the loan repayments (the “Basic Payments”) (but excluding the Issuer’s Unassigned Rights), and all other sums (including proceeds of the Subordinate Bonds) which are required to be deposited in the trust accounts in accordance with the Subordinate Indenture, including from Available Revenue (as defined in APPENDIX C-1) and including any amounts paid under the Guaranty, except for the Rebate Fund which is not a part of the Trust Estate; and the earnings derived from the investment of any of the foregoing sums as provided in the Subordinate Indenture;

(b) any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien of the Subordinate Indenture by the Issuer, or by anyone on its behalf or with its written consent, including, but not limited to, the interests of the Issuer, if any, under the Collateral Documents (as defined in APPENDIX C-1), and the Subordinate Trustee is hereby authorized to receive any and all such property at any and all times and to hold and apply the same as additional security under the Subordinate Indenture subject to the terms of the Subordinate Indenture; and

(c) all property mortgaged, pledged, and assigned under the Subordinate Mortgage and any and all other property of every name and nature which may from time to time hereafter by delivery or by writing of any kind be subjected to the lien of the Subordinate Indenture by the Issuer or by anyone on its behalf or with its written consent, and the Subordinate Trustee is hereby authorized to hold and apply the same as additional security under the Subordinate Indenture subject to the terms of the Subordinate Indenture.

Basic Payments. The Borrower will agree to make Basic Payments under the terms of the Subordinate Note and the Subordinate Loan Agreement and such Basic Payments will be made solely from

Available Revenue. If fully and promptly paid, the Basic Payments will be in amounts and will be received by the Subordinate Trustee at times sufficient, together with capitalized interest, to pay when due all scheduled principal of and interest on the Subordinate Bonds. See “APPENDIX C-1 – SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE INDENTURE, SUBORDINATE LOAN AGREEMENT AND REGULATORY AGREEMENT – THE SUBORDINATE INDENTURE” in this Limited Offering Memorandum. Pursuant to the Subordinate Indenture, the Issuer will pledge to the Subordinate Trustee, for the benefit of the holders of the Subordinate Bonds, all of its interest in the Subordinate Loan Agreement (other than certain unassigned rights of the Issuer including without limitation the Issuer’s rights to indemnification and payment of its fees and expenses) to secure payment of the principal of, premium, if any, purchase price of, and interest on the Subordinate Bonds.

The Guaranty. Payment of principal of and the Current Interest Rate on the Subordinate Bonds (and the Accrual Interest Rate portion if accelerated and at Maturity) and performance by the Borrower of its obligations under the Subordinate Loan Agreement are fully and unconditionally guaranteed by the Guarantor, pursuant to the Guaranty. See “SECURITY FOR THE SUBORDINATE BONDS” in this Limited Offering Memorandum.

The Subordinate Mortgage. The Subordinate Bonds will be secured pursuant to a Subordinate Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated October [__], 2024 (the “Subordinate Mortgage”), by the Borrower in favor of the Subordinate Trustee, pursuant to which the Borrower will provide the Subordinate Trustee with a leasehold mortgage lien on, an assignment of leases and rents from, and a security interest in the same property (the “Mortgaged Property”), subject to Permitted Exceptions (as further described and defined in the Subordinate Mortgage). The mortgage lien granted to the Subordinate Trustee under the Subordinate Mortgage consists generally of the Borrower’s leasehold interest in the land upon which the Housing Project is located. The mortgage lien on the Housing Project granted to the Subordinate Trustee under the terms of the Subordinate Mortgage is junior and subordinate to the mortgage lien granted to the Senior Trustee under the Senior Mortgage (each as defined below). See “APPENDIX C-2 – SUBSTANTIALLY FINAL FORMS OF THE GUARANTY AND SUBORDINATE MORTGAGE – THE SUBORDINATE MORTGAGE,” “– THE GUARANTY,” and “SECURITY FOR THE SUBORDINATE BONDS – The Guaranty” in this Limited Offering Memorandum.

The Subordination Agreement. The Issuer, the Subordinate Trustee and the Initial Purchaser will enter into a Subordination Agreement, pursuant to which the various parties acknowledge that the rights of the Subordinate Trustee under the Subordinate Loan Agreement (including the pledge of Surplus Cash), the Subordinate Mortgage, the Subordinate Bonds and all other documents at any time evidencing, securing guaranteeing or otherwise delivered in connection with the Subordinate Bonds, are junior and subordinate to the rights of the Initial Purchaser for the benefit of the holder of the Senior Loan and the Senior Mortgage. See “SECURITY FOR THE SUBORDINATE BONDS” and “APPENDIX C-2 – SUBSTANTIALLY FINAL FORMS OF THE GUARANTY AND SUBORDINATE MORTGAGE – THE SUBORDINATE MORTGAGE” in this Limited Offering Memorandum.

Tenant Income and Affordability Limitations

The Housing Project will be operated as a qualified residential rental project within the meaning of Section 142(d) of the Internal Revenue Code of 1986, as amended (the “Code”) and during the Qualified Project Period (as defined in the Regulatory Agreement) not less than forty percent (40%) of the completed units will be occupied by individuals whose income is sixty percent (60%) or less of area median gross income (“Low Income Tenants”), all pursuant to the terms of a Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October 1, 2024 (the “Regulatory Agreement”), between the Issuer, the Borrower, the fiscal agent named therein, and the Trustee, with respect to the Subordinate Bonds and the

Senior Bonds (as defined below). Under the Regulatory Agreement, the Borrower will agree that, at all times during its term, the Borrower will rent at least 100% of the units in the Housing Project to persons whose adjusted family income (determined in accordance with the provisions of the Code) is less than 60% of the median area income (adjusted for family size). See “RENTAL HOUSING REQUIREMENTS,” “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Tenant Income and Rent Limitations,” and “APPENDIX C-1 – SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE INDENTURE, SUBORDINATE LOAN AGREEMENT AND REGULATORY AGREEMENT – THE REGULATORY AGREEMENT” in this Limited Offering Memorandum.

Bondholders’ Risks

Certain risks associated with an investment in the Subordinate Bonds are discussed under “BONDHOLDERS’ RISKS” in this Limited Offering Memorandum.

Restrictions on Initial Purchase

THE SUBORDINATE BONDS ARE OFFERED AND SOLD IN AUTHORIZED MINIMUM DENOMINATIONS OF \$250,000 SOLELY TO NO MORE THAN 35 INSTITUTIONS THAT ARE QUALIFIED INSTITUTIONAL BUYERS (AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “1933 ACT”) (AN “APPROVED BUYER”). INITIAL PURCHASERS OF THE SUBORDINATE BONDS WILL BE REQUIRED TO EXECUTE AN INVESTOR LETTER SUBSTANTIALLY IN THE FORM ATTACHED HERETO AS APPENDIX F. IT IS NOT ANTICIPATED THAT THERE WILL BE MORE THAN 35 HOLDERS OF THE SUBORDINATE BONDS. See “NOTICE TO INVESTORS OF THE SUBORDINATE BONDS” and “THE SUBORDINATE BONDS – Transfer Restrictions” in this Limited Offering Memorandum.

Miscellaneous

This Limited Offering Memorandum (including the appendices hereto) contains descriptions of, among other matters, the Subordinate Bonds, the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, the Assignment of Subordinate Mortgage, the Regulatory Agreement, the Guaranty, the Partnership Agreement, the Senior Bonds, the Senior Indenture, the Senior Loan Agreement, the Funding Loan Agreement, the Project Loan Agreement, the Construction Loan Agreement, the Construction Phase Financing Agreement, [the Senior Mortgage], the Taxable Bridge Loan, [the Taxable Bridge Mortgage], [the Permanent Mortgage], the Subordination Agreement[s], the Issuer, the Housing Project, the Borrower, the General Partner, the Guarantor, [the Sole Member, the Manager, the Class B Limited Partner, the Investor Limited Partner], the Construction Lenders, the Funding Lender, and the Taxable Bridge Lender, each as defined herein. Such descriptions and information do not purport to be comprehensive or definitive. All references to documents described herein are qualified in their entirety by reference to such documents, copies of which are available for inspection at the designated corporate trust office of the Subordinate Trustee.

THE ISSUER

[TO BE UPDATED BY ISSUER’S COUNSEL]

Except for the information under this heading and “ABSENCE OF MATERIAL LITIGATION – The Issuer,” solely as such information relates to the Issuer, the Issuer has not participated in the preparation of this Limited Offering Memorandum and assumes no responsibility as to the accuracy or completeness of any information in this Limited Offering Memorandum.

The Issuer is a public facility corporation organized and existing under the laws of the State of Texas (the “State”) and authorized under the Act. Pursuant to the Act, the Issuer is empowered to issue its Subordinate Bonds to provide funds for financing or refinancing the costs of the acquisition, construction, or operation of a “project,” as defined in the Act, including facilities such as the Housing Project to be financed with proceeds of the Subordinate Bonds. The Issuer approved the issuance of the Subordinate Bonds pursuant to the Bond Resolution.

The Issuer is governed by a Board of Directors (the “Issuer Board”) composed of the seven members of the City Council of the City of Manor, Texas. The members of the Issuer serve for terms not exceeding four years, and the current members of the Board, their offices (if any), and the dates on which their respective terms expire are as follows:

<u>Name</u>	<u>Office</u>	<u>Term Expiration</u>
Dr. Christopher Harvey	President	
Emily Hill	Vice President	
Anne Weir	Member	
Maria Amezcua	Member	
Sonia Wallace	Member	
Aaron Moreno	Member	
Deja Hill	Member	

The Issuer has assets and may obtain additional assets in the future. However, such assets are not pledged to secure payment of the Subordinate Bonds, and the Issuer has no obligation or expectation of making such assets subject to the lien of the Subordinate Indenture. The Issuer has no taxing power and has committed no source of funds for payment of the Subordinate Bonds other than the Trust Estate established under the Subordinate Indenture. The Issuer does not have the power to pledge its general credit or to pledge the general credit or taxing power of the City, the State or of any political subdivision thereof. All payments made pursuant to the Subordinate Loan Agreement will be made directly from the Borrower to the Subordinate Trustee for disbursement to the Bondholders.

The Issuer does not and will not in the future monitor the financial condition of the Borrower, the Guarantor, Dominion Texas Management Services, LLC (the “Manager”), or the use or operation of the Housing Project, or otherwise monitor payment of the Subordinate Bonds or compliance with the documents relating thereto. The responsibility for the use and operation of the Housing Project will rest entirely with the Borrower and the Manager and not with the Issuer. The Issuer will rely entirely upon the Subordinate Trustee, the Borrower and the Manager, as applicable, to carry out their respective responsibilities under the Subordinate Loan Agreement, the Subordinate Indenture, the Regulatory Agreement and the Tax Certificate (as defined in the Subordinate Indenture) with respect to the Housing Project to be financed with proceeds of the Subordinate Bonds.

The Issuer has determined that financial or operating data concerning the Issuer is not material to any decision to purchase, hold or sell the Subordinate Bonds, and the Issuer will not provide any such information.

None of the Issuer, its past, present, and future directors, members, officers, program managers, counsel, advisors, employees, agents, contractors, consultants and executive director, its past, present, and future directors, members, officers, program managers, counsel, advisors, employees, agents, contractors, consultants and executive director, or the State has furnished, reviewed, investigated or verified the information contained in this Limited Offering Memorandum other than the information contained under this heading and the heading entitled “ABSENCE OF MATERIAL LITIGATION – The Issuer,” solely as such information relates to the Issuer. The Issuer has not, and will not, undertake any responsibilities to provide continuing disclosure with respect to the Subordinate Bonds or the security therefor, and the Issuer will have no liability to holders of the Subordinate Bonds with respect to any such disclosure.

No Recourse to the Issuer

PAYMENT OF THE PRINCIPAL OF THE SUBORDINATE BONDS, THE PREMIUM, IF ANY, AND THE INTEREST THEREON WILL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER AND WILL BE PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SUBORDINATE BONDS WILL NOT CONSTITUTE A DEBT OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE CITY, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY TEXAS CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY, THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF. THE SUBORDINATE BONDS WILL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT WILL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED IN THE SUBORDINATE INDENTURE, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THE SUBORDINATE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, EXECUTIVE DIRECTOR, MEMBER, PROGRAM MANAGER, EMPLOYEE, COUNSEL, ADVISOR, CONTRACTOR, CONSULTANT OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EXECUTIVE DIRECTORS, MEMBER, PROGRAM MANAGERS, EMPLOYEES, COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS OR AGENTS, IF ANY, AS SUCH IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE SUBORDINATE BONDS.

THE BORROWER

The information under this heading has been provided solely by the Borrower and has not been independently verified by the Issuer, Colliers Securities LLC (the “Placement Agent”) or any of their respective counsel, members, directors, executive directors, program managers, contractors, consultants, agents, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Placement Agent or any of their respective counsel, members, directors, executive directors, program managers, contractors, consultants, agents, officers or employees.

The Borrower is Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership, formed for the sole purpose of acquiring and constructing the Housing Project and upon

issuance of the Subordinate Bonds, its general partner will be MHPFC TRGP1, LLC, a Texas limited liability company (the “General Partner”), a public nonprofit housing finance corporation and instrumentality of the City created and existing under the laws of the State, whose sole member is the Issuer (in such capacity, the “Sole Member”), and the Class B Limited Partner is Manor Leased Housing Associates LP I, LLC, a Minnesota limited liability company (“Class B Limited Partner”). The General Partner will own a 0.005% interest in the Borrower, (ii) the Class B Limited Partner will own a 0.005% interest in the Borrower, (iii) RBC Community Investments, LLC, an Illinois limited liability company (the “Investor Limited Partner”) will own a 99.98% interest in the Borrower, and (iv) RBC Community Investments Manager II, Inc., a Delaware corporation (the “Special Limited Partner”) will own a 0.001% interest in the Borrower.

The Borrower will not have any other assets other than the Housing Project and does not intend to acquire any other substantial assets or to engage in any substantial business activities other than those related to the ownership of the Housing Project. Affiliates of the Borrower and their respective principals and affiliates, however, are engaged in, and will continue to engage in, the acquisition, development, ownership and management of similar types of affordable projects and they may be financially interested in, as officers, partners or otherwise, and devote substantial time to, business and activities that may be inconsistent or competitive with the interests of the Housing Project.

The obligations and liabilities of the Borrower under the Subordinate Loan Agreement are of a nonrecourse nature. The Amended and Restated Agreement of Limited Partnership of the Borrower (the “Partnership Agreement”) and certain other related documents executed by the Borrower, its partners and/or their affiliates will contain numerous terms regarding the funding, operation and cash flow of the Housing Project.

For additional descriptions of the Borrower, the General Partner, and the Class B Limited Partner, see “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” in this Limited Offering Memorandum.

THE GUARANTOR

The information under this heading has been provided solely by the Guarantor and has not been independently verified by the Issuer, the Placement Agent or any of their respective counsel, members, directors, executive directors, program managers, contractors, consultants, agents, officers or employees. No representation whatsoever as to the accuracy, adequacy or completeness of such information is made by the Issuer, the Placement Agent or any of their respective counsel, members, directors, executive directors, program managers, contractors, consultants, agents, officers or employees.

The Guarantor will guaranty the payment of debt service on the Subordinate Bonds and the payments of the Borrower relating to the Subordinate Bonds under the Subordinate Loan Agreement. The Guarantor was initially organized in 2013. The Guarantor is a Minnesota limited liability company, 100% owned by Polaris Holdings I, LLC, a Minnesota limited liability company (“Polaris Holdings”). Polaris Holdings is an entity that owns partnership interests in over 178 partnerships (the “Partnerships”) that own affordable housing projects developed by Dominion Development & Acquisition, LLC, a Minnesota limited liability company (“Dominium”). The principals in Polaris Holdings are the principals in Dominion. See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE GUARANTOR” in this Limited Offering Memorandum.

THE HOUSING PROJECT AND PLAN OF FINANCE

The Housing Project

The Subordinate Bonds are being issued to finance a portion of the cost of the acquisition, construction and equipping of the Housing Project which will be an affordable multifamily housing facility consisting of 324 dwelling units located at 12200 Tower Road in the City on land owned by the Issuer and leased to the Borrower under the Ground Lease (as defined herein). The Housing Project will contain the following approximate unit mix: (i) 78 two-bedroom units, (ii) 180 three-bedroom units, and (iii) 66 four-bedroom units. For detailed information with respect to the Housing Project, see “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – General Description of Housing Program” in this Limited Offering Memorandum.

The Housing Project will be rent and income restricted pursuant to the Regulatory Agreement. See “RENTAL HOUSING REQUIREMENTS” in this Limited Offering Memorandum.

Land Acquisition

The Borrower will purchase the property pursuant to an Assignment and Assumption of Real Estate Purchase Agreement, dated October 1, 2023, in which Dominion Acquisition, LLC assigned its interest in a Real Estate Purchase Agreement, dated September 20, 2023 (as amended, the “Purchase Agreement”) to the Borrower. The Purchase Agreement includes approximately 15.42 acres of land (the “Parcel”) for a purchase price of \$4,500,000. See also “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Unit Mix and Rental Rates” in this Limited Offering Memorandum.

The Borrower will lease the site of the Housing Project (the “Site”) to the Issuer and will lease the Site back from the Issuer pursuant to a Ground Lease, to be dated as of the date of issuance of the Subordinate Bonds (as amended, the “Ground Lease”). See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT” of this Limited Offering Memorandum.

The Senior Mortgage, the Subordinate Mortgage, the Regulatory Agreement, the Taxable Bridge Mortgage, the LIHTC Declaration, and various other recordable documents will all be recorded against the Site.

Construction Contract

The Borrower entered into a construction contract (the “Construction Contract”) for the construction of the Housing Project. See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Construction of the Housing Project” in this Limited Offering Memorandum for a description of the Construction Contract.

Other Project Funding Sources

The Construction Loan. On the date of issuance of the Subordinate Bonds, Associated Bank, National Association (the “Agent”) and Great Southern Bank (together with the Agent, the “Construction Lenders”) agree to jointly and severally provide a construction loan to the Borrower in the amount of \$[60,815,000] (the “Construction Loan”), pursuant to a Syndicated Construction Loan Agreement (the “Construction Loan Agreement”). [The Construction Loan will be deposited to a dedicated cash collateral fund (the “Collateral Fund”), established under the Senior Indenture, and such funds will be invested in certain Eligible Investments (as defined in the Construction Loan Agreement). The Collateral Fund will be

verified pursuant to [_____]. The Construction Lenders will make loan advances (“Construction Loan Advances”) upon draw requests from the Borrower in accordance with the Construction Loan Agreement and a Disbursing Agreement (defined below), to pay a portion of the construction costs of the Housing Project. Construction Loan Advances will be evidenced by a corresponding promissory note. The Borrower will repay Construction Loan Advances with Senior Bond proceeds as set forth in the Senior Indenture. The Construction Loan will mature on October [___], 2027, subject to a six month extension upon satisfying certain conditions set forth in the Construction Loan Agreement. At Conversion, the Construction Loan will be paid in full with amounts on deposit in the [Collateral Fund] or with the Title Company, as applicable, pursuant to the Senior Indenture and all security related to the Construction Loan will be released or assigned to the Initial Funding Lender,

The Senior Bonds. Simultaneously with the issuance of the Subordinate Bonds, the Issuer will issue its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “Senior Bonds”), in the original principal amount of \$[60,815,000], pursuant to a Trust Indenture, dated as of October 1, 2024 (the “Senior Indenture”), between the Issuer and BOKF, NA (the “Senior Trustee”), the proceeds of which will be utilized to fund a loan to the Borrower (the “Senior Loan”) pursuant to the Loan Agreement, dated as of October 1, 2024 (the “Senior Loan Agreement”), among the Borrower and the Issuer. The Borrower’s obligation to repay the Senior Loan will be evidenced by a promissory note from the Borrower in favor of the Issuer, in the amount of the Senior Bonds, as endorsed to the Senior Trustee (the “Senior Note”). The payment of principal of and interest on the Senior Bonds will be secured by all of the Issuer’s right, title and interest in, to and under the Senior Loan Agreement and the Senior Note, including, without limitation, all rents, revenues and receipts derived by the Issuer from the Borrower relating to the Housing Project and including, without limitation, a pledge of revenues and all other Borrower payments derived by the Issuer under and pursuant to, the Senior Loan Agreement, and any and all funds and accounts held under the Senior Indenture. The payment of principal of and interest on the Senior Note will be secured by [TO BE CONFIRMED][a pledge of revenues, an Environmental Indemnity, an Assignment of Management Agreement and Consent, a Replacement Reserve Agreement, an Assignment of Project Facilities Documents, a General Partner Pledge, a Developer Fee Pledge, an Assignment of Capital Contributions, a Class B Limited Partner Pledge, a Guaranty of Recourse Obligations, a Guaranty of Debt Service and Stabilization and a Guaranty of Completion]. The payment obligations of the Borrower under the Senior Loan Agreement will also be secured by a [TO BE CONFIRMED][Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated as of the date of the Senior Funding Loan Agreement (the “Senior Mortgage”), made by the Borrower in favor of a deed of trust trustee for the benefit of the Issuer, as assigned to the Senior Trustee]. *The Senior Bonds are being offered pursuant to a separate offering document and are not being offered under the terms of this Limited Offering Memorandum.*

Permanent Financing. The Federal Home Loan Mortgage Corporation (“Freddie Mac”), [will enter][has entered] into a forward commitment with JLL Real Estate Capital, LLC, a Delaware limited liability company (the “Initial Funding Lender”), dated October 1, 2024 (the “Freddie Mac Commitment”), whereby Freddie Mac [will commit][has committed], subject to the satisfaction on or before [_____] (the “Forward Commitment Maturity Date”) of the conditions to conversion set forth in the Construction Phase Financing Agreement, dated October [___], 2024 (the “Construction Phase Financing Agreement”), between, the Agent, JLL Real Estate Capital, LLC (“Freddie Mac Servicer”) and Freddie Mac, and acknowledged, accepted and agreed to by the Borrower, and the Freddie Mac Commitment, to facilitate the financing of the Housing Project in the Permanent Phase.

On the Conversion Date, if the conditions to conversion are satisfied on or before the Forward Commitment Maturity Date, the Senior Bonds will be subject to mandatory tender in accordance with the Senior Indenture. A portion of the Senior Bonds will be paid with amounts on deposit under the Senior Indenture, and the remaining Senior Bonds will be converted to a Governmental Note executed and

delivered by the Manor Housing Public Facility Corporation, as governmental lender (the “Governmental Lender”) and purchased by the Initial Funding Lender (the “Funding Loan”), pursuant to the Funding Loan Agreement, dated October [___], 2024 (the “Funding Loan Agreement”), between the Governmental Lender, BOKF, NA, as fiscal agent (the “Fiscal Agent”), and the Initial Funding Lender, and the Project Loan Agreement, dated October [___], 2024 (the “Project Loan Agreement”), by and among the Governmental Lender, the Fiscal Agent and the Borrower, which will supersede the Senior Indenture and the Senior Loan Agreement, respectively. The Borrower will execute an Amended and Restated Project Note (the “Project Note”) to evidence its obligations under the Project Loan Agreement and a Multifamily Open-End Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Financing Statement (the “Permanent Mortgage”) with respect to the Housing Project to secure its obligations under the Project Loan Agreement, which Project Note and Permanent Mortgage will be held by the Fiscal Agent under the Funding Loan Agreement to secure the Governmental Note. On the Conversion Date, the Borrower will also enter into a Continuing Covenant Agreement with the Initial Funding Lender (the “Continuing Covenant Agreement”). Pursuant to the Freddie Mac Commitment, Freddie Mac agrees to purchase the Funding Loan from the Initial Funding Lender upon the date of satisfaction of the conditions set forth in the Freddie Mac Commitment (the “Freddie Mac Purchase Date”), on which date, the Initial Funding Lender will assign to Freddie Mac all of its rights and interest in the Governmental Note, the Funding Loan Agreement, the Continuing Covenant Agreement and the other related financing documents.

[At the request of the [Funding Lender], the Subordinate Trustee and the Fiscal Agent will enter into a Subordination Agreement, dated as of October 1, 2024, consented to by the Borrower (the “Funding Loan Subordination Agreement”).]

Taxable Bridge Loan. On or before the date of issuance of the Subordinate Bonds and Senior Bonds, the Borrower will receive proceeds from a taxable bridge loan (the “Taxable Bridge Loan”) from Bremer Bank, National Association (the “Taxable Bridge Lender”), in the original principal amount of \$[8,880,485], pursuant to the [Bridge Loan Agreement] (the “Taxable Bridge Loan Agreement”). The obligation to repay the Taxable Bridge Loan will be evidenced by a promissory note (the “Taxable Bridge Note”) from the Borrower to the Taxable Bridge Lender, which will bear interest at a rate of [____]%. The Taxable Bridge Loan will be secured by certain equity interests in the Borrower, capital contributions payable to the Borrower under the Partnership Agreement, [and a second priority Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated as of the date of the Bridge Loan Agreement (the “Taxable Bridge Mortgage”), made by the Borrower in favor of a deed of trust trustee for the benefit of the Taxable Bridge Lender]. The Borrower will use the proceeds of the Taxable Bridge Loan to finance a portion of the construction costs of the Housing Project. On the date of issuance of the Subordinate Bonds, the Borrower, the Agent, the Senior Trustee, the Bridge Lender (as defined below) and Commercial Partners Title, a division of Chicago Title Insurance Company (the “Title Company”), in its capacity as disbursing agent, will enter into a Disbursing Agreement (the “Disbursing Agreement”), to govern the disbursement of the proceeds of the Construction Loan, the Senior Bonds, and the Bridge Loan Funds (as defined below).

[At the request of the Taxable Bridge Lender, the Issuer, the Subordinate Trustee, and the Taxable Bridge Lender will enter into a Subordination Agreement, dated the Closing Date, acknowledged by the Borrower (together with the Funding Loan Subordination Agreement, the “Subordination Agreements”).]

Deferred Developer Fee. The Borrower will defer a portion of its developer fee as a source of funding. The Borrower’s deferred developer fee will be repaid over time through surplus cash flow received from the operation of the Housing Project.

Low Income Housing Tax Credit Equity

The Borrower has admitted the Investor Limited Partner, as a 99.98% limited partner in the Borrower. Pursuant to the admission of the Investor Limited Partner, the funding of the federal low income housing tax credit equity is expected to total approximately \$36,532,087 (the “LIHTC Equity”). It is envisioned that one or more of the installments of the LIHTC Equity will be used to repay the Taxable Bridge Loan [in full and to repay a portion of the Senior Bonds].

Disbursement of Subordinate Bond Proceeds

On the date of issuance of the Subordinate Bonds, the proceeds of the Subordinate Bonds are expected to be deposited in part into the Current Interest Rate Account of the Bond Fund of the Subordinate Indenture, to be applied to the payment of interest on the Subordinate Bonds through and including [_____ 20__] in accordance with the terms of the Subordinate Indenture, with the balance to be deposited into the Project Fund of the Subordinate Indenture, to be disbursed in accordance with the terms of the Subordinate Indenture and the Closing Memorandum (as defined in the Subordinate Indenture), to or upon the order of the Borrower, in payment or reimbursement of Project Costs (as defined in the Subordinate Indenture).

ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources of funds to finance the acquisition, construction and equipping of the Housing Project are specified below:

Sources of Funds:

Senior Bonds	\$ 60,819,515
Taxable Bridge Loan ⁽¹⁾	8,880,485
Construction Loan	64,819,515
Subordinate Bonds	4,000,000
LIHTC Equity ⁽¹⁾	36,532,087
Interest on Equity	316,720
Bond Reinvestment Earnings	8,847,864
General Partner/Investor Limited Partner Equity	200
Deferred Developer, Contractor Fees and Borrower Contribution	7,848,873
Total Sources of Funds	<u>\$192,065,259</u>

Uses of Funds:

Redemption of Series 2024A Cash Collateralized Bonds	\$ 64,819,515
Acquisition Cost	4,500,000
Construction and Equipping Costs (including Contingency and Contractor Fee)	73,598,023
Architect Fees	3,063,770
Costs of Issuance ⁽²⁾	3,588,317
Financing and other Developer Soft Costs	632,508
Construction Loan and Taxable Bridge Loan Capitalized Interest	21,551,135
Capitalized Interest (Subordinate Bonds)	840,000
Operating Reserve Fund	1,541,950
Other Project Reserves and Escrows	3,748,329
Developer Fee	14,181,711
Total Uses of Funds	<u>\$192,065,259</u>

- (1) The Borrower will obtain the Taxable Bridge Loan from the Taxable Bridge Lender in the amount of \$19,635,889 to bridge a portion of the LIHTC Equity.*
- (2) Includes Placement Agent's fee; fees and expenses of Bond Counsel, counsel for the Borrower and Guarantor, counsel for Senior Funding Lender, Taxable Bridge Lender, Investor Limited Partner, the Placement Agent, the Subordinate Trustee, the Issuer and other parties to the financing for the Housing Project, the initial fee of the Subordinate Trustee, the initial fee of the Issuer, accountant's fees, the printing costs, recording and filing fees, and miscellaneous costs and related expenses.*

For detailed information with respect to the Housing Project, see “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER” and “APPENDIX B – MARKET STUDY” in this Limited Offering Memorandum.

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DEBT SERVICE SCHEDULE

The following table sets forth, for each year ending May 1, the annual amounts required to be paid with respect to the Subordinate Bonds, assuming no prepayments are made other than mandatory sinking fund redemptions. Principal of the Subordinate Bonds will be payable annually on May 1, commencing on May 1, 2056, and interest will be payable as set forth under the heading “THE SUBORDINATE BONDS – Interest, Maturity and Payment” in this Limited Offering Memorandum.

<u>Year Ending (May 1)</u>	<u>Principal Amount</u>	<u>Current Interest Rate Amount⁽¹⁾</u>	<u>Scheduled Accrual Interest Rate Amount⁽²⁾</u>	<u>Projected Annual Debt Service⁽³⁾</u>
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
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2053				
2054				
2055				
2056				
2057				
2058				
2059				
2060				
2061				
2062				
2063				
2064				
Total	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Note: Amounts may not foot due to rounding.

⁽¹⁾ Interest through [_____ 20__] is capitalized.

⁽²⁾ The annual Accrual Interest Rate Amounts shown above are for illustrative purposes only. The actual payment of the Accrual Interest Rate Amounts will vary based upon numerous factors including available Surplus Cash described under the headings “SECURITY FOR THE SUBORDINATE BONDS” and “BONDHOLDERS’ RISKS” in this Limited Offering Memorandum.

⁽³⁾ This is a projected amount and actual results will vary based upon the actual Accrual Interest Rate payments. The actual annual debt service on the Subordinate Bonds will depend on the actual payment of the Accrual Interest Rate Amount based upon actual cash flow and available Surplus Cash as described under the heading “SECURITY FOR THE SUBORDINATE BONDS” in this Limited Offering Memorandum.

THE SUBORDINATE BONDS

Interest; Maturity; Payment

The Subordinate Bonds will be originally dated their date of issuance and will mature in the amounts set forth on the inside front cover page of this Limited Offering Memorandum. The Subordinate Bonds will be issued in the denominations of \$250,000 or multiples of \$5,000 in excess thereof. Principal of, interest, and premium, if any, on the Subordinate Bonds will be payable when due upon surrender at the designated corporate trust office of the Subordinate Trustee in Houston, Texas.

The Subordinate Bonds, and the interest thereon, are special, limited obligations of the Issuer, payable solely from the sources pledged thereto under the Subordinate Indenture and summarized under the caption "SECURITY FOR THE SUBORDINATE BONDS" in this Limited Offering Memorandum. The Subordinate Bonds will not constitute a debt or a loan of credit or a pledge of the full faith and credit or taxing power of the Issuer, the City, or the State, or of any political subdivision thereof, within the meaning of any Texas constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer, the City, the State, or of any political subdivision thereof. The Subordinate Bonds will not constitute, directly or indirectly, or contingently obligate or otherwise constitute a general obligation of or a charge against the general credit of the Issuer, but will be special limited obligations of the Issuer payable solely from the sources described herein, but not otherwise. The Issuer has no taxing power. The Subordinate Bonds are not secured by any credit enhancement and there is no obligation on the part of any person to obtain or provide any credit enhancement.

No recourse shall be had for the payment of the principal of, or interest on the Subordinate Bonds against any past, present, or future officer, director, executive director, member, program manager, employee, counsel, advisor, contractor, consultant or agent of the Issuer, or of any successor to the Issuer, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, executive directors, members, program managers, employees, counsel, advisors, contractors, consultants or agents, if any, as such is expressly waived and released as a condition of and consideration for the execution and issuance of the Subordinate Bonds.

Interest on the Subordinate Bonds is calculated and payable as follows:

(a) *Current Interest Rate.* The Current Interest Rate is payable monthly, commencing [_____] 1, 2025], on each monthly Interest Payment Date for the Current Interest Rate. The Current Interest Rate shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) thirty (30) day months.

(b) *Accrual Interest Rate.* The Accrual Interest Rate shall be computed on the basis of a three hundred sixty (360) day year composed of twelve (12) thirty (30) day months. The Accrual Interest Rate shall accrue on a simple basis and any unpaid Accrual Interest Rate Amount shall not compound. Interest at the Accrual Interest Rate is payable annually on the Accrual Interest Payment Date from Surplus Cash as described herein.

On each Accrual Interest Rate Payment Date, the Subordinate Trustee shall apply any payments to the Accrual Interest Rate Amount, first, up to the amount equal to any and all accrued but unpaid Accrual Interest Rate Amount due on the Subordinate Bonds through and including December 31 of the prior calendar year, such amount to be applied to the payment of all such accrued but previously unpaid Accrual Interest Rate Amount;

All payments due with respect to the Accrual Interest Rate (if the Subordinate Bonds have not been accelerated and have not matured) shall be made solely from Surplus Cash and amounts on deposit with the Subordinate Trustee after the payment of the Current Interest Rate Amount for the calendar year that precedes the applicable Accrual Interest Rate Payment Date (e.g., the payment to be made hypothetically on [____ 1, 20__] will be based on Available Revenue for [20__] after the full repayment of the Deferred Developer Fee). The Borrower's obligation to make payments of the Accrual Interest Rate Amount is subject to the availability of Surplus Cash and amounts on deposit in the funds and accounts established under the Subordinate Indenture, the Current Interest Rate Amount being current, and the full repayment of the Deferred Developer Fee. Subject to the preceding sentence, in the event any payment is not made as required by the Subordinate Bonds, the payment of the Accrual Interest Rate Amount not made shall continue as an obligation until the amount not paid shall have been fully paid. The Subordinate Trustee shall not ask the Guarantor for any payments under the Guaranty for the Accrual Interest Rate Amount unless the Subordinate Bonds have been accelerated or at Maturity.

Interest is payable by check or draft mailed by the Subordinate Trustee to the registered Bondholders on the applicable Record Date. Interest on the Subordinate Bonds will be computed on the basis of a year of three hundred sixty days consisting of twelve thirty-day months. Upon notice to the Subordinate Trustee accompanied by proper wire instructions, any registered Bondholder of at least \$500,000 aggregate principal amount of the Subordinate Bonds as of the relevant Record Date may elect to be paid the interest on such Subordinate Bonds payable on the Interest Payment Date by Federal Reserve System wire transfer in immediately available funds to any bank in the United States which is a member of the Federal Reserve System and which is specified by such Bondholder. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

The Record Date with respect to any Interest Payment Date means the fifteenth day of the calendar month (whether or not a business day) next preceding such Interest Payment Date or, with respect to Defaulted Interest (as defined in the Subordinate Indenture), a special Record Date established by notice mailed by the Subordinate Trustee on behalf of the Issuer which shall be a date at least ten (10) days but not more than thirty (30) days before the date selected by the Subordinate Trustee for payment of such Defaulted Interest. Such notice of a Special Record Date will be mailed not less than ten (10) days preceding such Special Record Date, to the Bondholders at the close of business on such Special Record Date.

The Subordinate Bonds will be subject to redemption upon the terms and conditions described under the heading "THE SUBORDINATE BONDS – Redemption and Prepayment" in this Limited Offering Memorandum. The Subordinate Bonds are initially registered to Cede & Co., as nominee for DTC as securities depository. Purchases by Beneficial Owners are to be made in book-entry form in \$250,000 denominations or multiples of \$5,000 in excess thereof. Payments to Beneficial Owners will be made as described under the heading "THE SUBORDINATE BONDS – Book Entry Only System" below and in APPENDIX E.

Book-Entry Only System

The Subordinate Bonds will be issued in book-entry form. The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Subordinate Bonds. The Subordinate Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully registered Subordinate Bond will be issued for each maturity in the total aggregate principal amount due on such maturity and will be deposited with DTC. See "APPENDIX E – BOOK-ENTRY ONLY SYSTEM" in this Limited Offering Memorandum.

Redemption and Prepayment

Optional Redemption. The Subordinate Bonds are subject to redemption and prepayment upon written request by the Borrower to the Subordinate Trustee on May 1, 2025, and on any Business Day thereafter, in whole or in part, and if in part, in principal increments of \$5,000 and by lot, at a Redemption Price equal to one hundred percent (100%) of the principal amount of the Subordinate Bonds to be redeemed, plus the applicable Early Prepayment Premium (as defined below), plus accrued interest thereon to, but not including, the Redemption Date. “Early Prepayment Premium” as used in this subsection shall mean the premiums set forth in the table below.

<u>Redemption Date</u>	<u>Premium</u>
Date of Issuance through April 30, 2025	Non-Callable
May 1, 2025 through April 30, 2026	106%
May 1, 2025 through April 30, 2027	105
May 1, 2025 through April 30, 2028	104
May 1, 2025 through April 30, 2029	103
May 1, 2025 through April 30, 2030	102
May 1, 2025 through April 30, 2031	101
May 1, 2031 and thereafter	100

Pursuant to the terms of the Funding Loan Subordination Agreement, any prepayment or defeasance of the Subordinate Bonds is subject to the prior written consent of the Senior Funding Lender.

Mandatory Sinking Fund Redemption. The Subordinate Bonds maturing May 1, 2065 are subject to mandatory redemption by lot in the principal increments of \$5,000, at par and accrued interest without premium, on the dates and in the principal amounts set forth below:

Subordinate Bonds Maturing May 1, 2065

<u>Sinking Fund Redemption Date (May 1)</u>	<u>Principal Amount</u>	<u>Sinking Fund Redemption Date (May 1)</u>	<u>Principal Amount</u>
2055	\$290,000	2060	\$405,000
2056	310,000	2061	435,000
2057	330,000	2062	465,000
2058	355,000	2063	500,000
2059	380,000	2064 ⁽¹⁾	530,000

⁽¹⁾Stated Maturity.

At the option of the Borrower exercised not less than thirty-five (35) days prior to any Sinking Fund Redemption Date, the Borrower may (i) deliver to the Subordinate Trustee for cancellation Subordinate Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of such sinking fund obligation for any Subordinate Bonds which prior to such date have been purchased or redeemed (other than through the operation of the sinking fund) and not otherwise previously applied as a credit against sinking fund payments.

Extraordinary Redemption Upon Certain Events of Casualty or Condemnation or Changes in Law. All of the Subordinate Bonds are subject to redemption, in whole, at the option of the Borrower, on the earliest date for which timely notice of call can be given after the Issuer’s receipt of the Borrower’s notice of exercise, at their principal amount plus accrued interest to the date of redemption, if the Housing Project is taken by condemnation, damaged or destroyed, or in the event of certain changes in the Constitution or

laws of the United States or the State, as provided in the Subordinate Indenture and Subordinate Loan Agreement.

No Redemption Prior to Placed in Service Date. Notwithstanding anything to the contrary contained in the Subordinate Indenture, the Subordinate Bonds shall not be optionally redeemed prior to the date upon which the Borrower has advised the Subordinate Trustee in writing that the Housing Project has been placed in service for purposes of Section 42 of the Code.

Mandatory Redemption of Subordinate Bonds Upon Determination of Taxability. All Outstanding Subordinate Bonds are subject to mandatory redemption, in whole, on the first Business Day for which proper notice of redemption can be given after the date upon which the Subordinate Trustee receives written notice of a Determination of Taxability, at a Redemption Price equal to one hundred percent (100%) of the principal amount of Subordinate Bonds so redeemed, together with interest accrued to the Redemption Date.

A “Determination of Taxability” means a determination that interest income on any Subordinate Bond is included in gross income for federal income tax purposes under Section 103 of the Code, for any reason other than that the Holder is a Substantial User of the Housing Project or a Related Person thereto, which determination will be deemed to have been made upon the occurrence of the first to occur of the following: (i) the date on which any change in law or regulation becomes effective or on which the Internal Revenue Service has issued any private ruling, technical advice, or any other written communication to the effect that the interest income on any of the Subordinate Bonds is included in gross income for federal income tax purposes; or (ii) the date on which the Borrower receives notice from the Subordinate Trustee or the Issuer in writing that the Internal Revenue Service has issued a thirty-day letter or other notice which asserts that the interest on such Subordinate Bond is included in gross income for federal income tax purposes. See also “BONDHOLDERS’ RISKS – Tax Exemption of Interest on the Subordinate Bonds” in this Limited Offering Memorandum.

Acceleration. Upon an Event of Default under the Subordinate Indenture, all Subordinate Bonds are subject to acceleration and prepayment on any date selected by the Subordinate Trustee at their principal amount, plus accrued interest, without premium.

Notice of Redemption; Payment

The Subordinate Trustee is required to cause notice of the call for any redemption to be mailed to the then registered Bondholder of each Subordinate Bond to be redeemed, by first class mail, not less than twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption to each Registered Holder of a Subordinate Bond to be redeemed. All Subordinate Bonds so called for redemption, provided funds for their redemption have been duly deposited, will cease to bear interest on the specified Redemption Date and (except for the purpose of payment) shall no longer be protected by the Subordinate Indenture and shall not be deemed Outstanding under the Subordinate Indenture, and shall thereafter be payable solely from the funds provided for payment.

Transfer Restrictions

The Subordinate Bonds may only be transferred, in whole or in part, (A) an Approved Buyer, or (B) “accredited investors” as defined in Section 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the 1933 Act (“Institutional Accredited Investors”), (C) a transferee composed solely of Qualified Institutional Buyers or Institutional Accredited Investors, or (D) a deposit or sale of the Subordinate Bonds in or to a trust or custodial entity or arrangement, or any repurchase transaction or other secured lending transaction in which title, rights, or interest in the Subordinate Bonds are granted to a buyer or transferee, with respect to which, in each sale, each of the beneficial owners of which are Qualified Institutional Buyers

or “accredited investors” as defined in Section 501(a) of Regulation D promulgated under the 1933 Act ((A) through (D), an “Approved Transferee”). See “NOTICE TO INVESTORS OF THE SUBORDINATE BONDS” in this Limited Offering Memorandum.

SECURITY FOR THE SUBORDINATE BONDS

Special, Limited Obligations

THE SUBORDINATE BONDS, AND THE INTEREST THEREON, WILL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER AND WILL BE PAYABLE EXCLUSIVELY FROM THE TRUST ESTATE. THE SUBORDINATE BONDS WILL NOT CONSTITUTE A DEBT OR A LOAN OF CREDIT OR A PLEDGE OF THE FULL FAITH AND CREDIT OR TAXING POWER OF THE ISSUER, THE CITY, OR THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF, WITHIN THE MEANING OF ANY TEXAS CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND SHALL NEVER CONSTITUTE NOR GIVE RISE TO A PECUNIARY LIABILITY OF THE ISSUER, THE CITY, OR THE STATE, OR OF ANY POLITICAL SUBDIVISION THEREOF. THE SUBORDINATE BONDS WILL NOT CONSTITUTE, DIRECTLY OR INDIRECTLY, OR CONTINGENTLY OBLIGATE OR OTHERWISE CONSTITUTE A GENERAL OBLIGATION OF OR A CHARGE AGAINST THE GENERAL CREDIT OF THE ISSUER, BUT WILL BE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE SOURCES DESCRIBED HEREIN, BUT NOT OTHERWISE. THE ISSUER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF, OR INTEREST ON THE SUBORDINATE BONDS AGAINST ANY PAST, PRESENT, OR FUTURE OFFICER, DIRECTOR, EXECUTIVE DIRECTOR, MEMBER, PROGRAM MANAGER, EMPLOYEE, COUNSEL, ADVISOR, CONTRACTOR, CONSULTANT OR AGENT OF THE ISSUER, OR OF ANY SUCCESSOR TO THE ISSUER, AS SUCH, EITHER DIRECTLY OR THROUGH THE ISSUER OR ANY SUCCESSOR TO THE ISSUER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE, OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EXECUTIVE DIRECTORS, MEMBERS, PROGRAM MANAGERS, EMPLOYEES, COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS OR AGENTS, IF ANY, AS SUCH IS EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF AND CONSIDERATION FOR THE EXECUTION AND ISSUANCE OF THE SUBORDINATE BONDS.

Pledge of Available Revenue

Under the Subordinate Loan Agreement, the Subordinate Bonds are payable from the Trust Estate which is derived primarily from Available Revenue. Available Revenue is comprised primarily of 75% of surplus cash flow remaining after payment of operating expenses of the Housing Project and debt service on the Senior Bonds, as provided in the Subordinate Indenture and Partnership Agreement.

Assignment of Subordinate Loan Agreement

Under the terms of the Subordinate Indenture, the Issuer has pledged its interest in the Subordinate Loan Agreement (including Basic Payments by the Borrower, but excluding certain unassigned rights of the Issuer including without limitation the Issuer’s rights to indemnification and payment of its fees and expenses) to the Subordinate Trustee to secure the Subordinate Bonds. Under the Subordinate Loan Agreement, the Borrower is required to make payments sufficient to pay when due all principal of and interest on the Subordinate Bonds. The Subordinate Trustee is authorized to exercise the rights of the Issuer

and enforce the obligations of the Borrower under the Subordinate Loan Agreement including drawing upon the Guaranty. Basic Payments shall be made solely from Available Revenue.

Funds and Accounts

Under the Subordinate Indenture, the following trust funds and accounts are established: (i) a Project Fund; (ii) a Bond Fund, including a Current Interest Rate Account and Accrual Interest Rate Account; (iii) a Rebate Fund; and (iv) a Costs of Issuance Fund. On the Bond Closing, there will be deposited to the Current Interest Rate Account the amount required to fund the Current Interest Rate Amount of the interest due on the Subordinate Bonds through [_____ 20__].

Bond Fund

Pursuant to the Subordinate Indenture a Bond Fund was created and within the Bond Fund, a Current Interest Rate Account and an Accrual Interest Rate Account were established.

Amounts shall be credited to the accounts of the Bond Fund, as and when received, each payment received by the Subordinate Trustee under and pursuant to any of the provisions of this Subordinate Indenture or the Subordinate Loan Agreement which is required to be paid into such account of the Bond Fund, or which is accompanied by written directions of either the Borrower or the Guarantor, as applicable, that such payment is to be credited to such account of the Bond Fund, together with all income derived from the investment of such amounts.

As set forth in the Closing Memorandum, the Subordinate Trustee will deposit to the Current Interest Rate Account the amount necessary to pay the Current Interest Rate Amount through [_____ 20__]. Any interest earned on sums held in the Current Interest Rate Account will remain a part of the Current Interest Rate Account of the Bond Fund and applied to the payment of interest on the Subordinate Bonds.

Commencing in [_____ 20__] and monthly thereafter, there shall be credited to the Bond Fund amounts paid by the Borrower as authorized under the Partnership Agreement, the Senior Funding Loan Agreement and Senior Borrower Loan Agreement, as required to pay the principal of and interest due on the Subordinate Bonds as described below.

(a) First, two (2) Business Days prior to each Interest Payment Date, the Borrower shall pay to the Subordinate Trustee for deposit into the Current Interest Rate Account such amount as necessary to pay the Current Interest Rate Amount (including any and all of the previously accrued but unpaid Current Interest Rate Amount) due on the next Interest Payment Date. In the event that there are not sufficient funds on hand in the Current Interest Rate Account one (1) Business Day prior to an Interest Payment Date, then the Subordinate Trustee shall send a written notice to the Guarantor at the notice address under the Guaranty and request that the Guarantor make a payment under the Guaranty in the amount of such deficiency.

(b) Second, from and after the date that the Deferred Developer Fee has been paid in full (as certified in writing by the Borrower to the Subordinate Trustee and the Issuer as evidenced by a certificate), after the payments required under (a) above with respect to the Current Interest Rate, then the Borrower shall deposit to the Accrual Interest Rate Account any and all of the accrued and unpaid Accrual Interest Rate Amount on the next Accrual Interest Rate Payment Date and each Accrual Interest Rate Payment Date thereafter until all of the Accrual Interest Rate Amount is then current. At such time as all of the accrued and previously unpaid Accrual Interest Rate Amount is paid such that the Borrower is current on the Accrual Interest Rate Amount, then all amounts deposited in the Accrual Interest Rate Account shall be used to pay the Accrual Interest Rate

Amount and then used for the payment of principal of the Subordinate Bonds as shown below in (c). In the event that there are not sufficient funds on hand in the Accrual Interest Rate Account one (1) Business Day prior to a Maturity Date, then the Subordinate Trustee shall send a written notice to the Guarantor at the notice address under the Guaranty and request that the Guarantor make a payment under the Guaranty in the amount of such deficiency.

(c) Third, from and after [April] 1, 2054, or upon earlier acceleration, the Borrower shall deposit with the Subordinate Trustee two (2) Business Days prior to each Principal Payment Date, the amount necessary to fund the deposit required under the Subordinate Indenture for the redemption of a portion of the principal of the Subordinate Bonds on the next Principal Payment Date or if the Subordinate Bonds have been accelerated, then the amount necessary to pay the accelerated principal amount of the Subordinate Bonds. In the event that there are not sufficient funds on hand in the Bond Fund two (2) Business Days prior to a Principal Payment Date to satisfy the deposit required under the terms of the Subordinate Indenture for the redemption of a portion of the Subordinate Bonds on the next Principal Payment Date or the payment of the accelerated principal of the Subordinate Bonds, then the Subordinate Trustee shall send a written notice to the Guarantor at the notice address under the Guaranty and request that the Guarantor make a payment under the Guaranty in the amount of such deficiency.

To the extent Available Revenue and other Trust Money is not sufficient to pay the Interest Rate Amount due on an Interest Payment Date, such amount shall not compound. Except for the payment due on Maturity, the obligation to make payments of the Interest Rate Amount is subject to the requirements of the Subordinate Indenture and it shall not be an event of default under the Subordinate Bonds to the extent that failure to make a payment is due to lack of Surplus Cash to make such payments. Subject to the preceding sentence, in the event any payment is not made as required by the Subordinate Indenture, the payment not made shall continue as an obligation until the amount not paid shall have been fully paid. To the extent permitted by law, interest on any overdue payment required by the Subordinate Indenture shall be paid at the Default Rate.

The Subordinate Trustee shall use amounts on deposit in the Bond Fund to pay the principal of and interest on the Subordinate Bonds as they become due and payable.

If any Subordinate Bond shall not be presented for payment at Maturity, provided money sufficient to pay such Subordinate Bond shall have been made available to the Subordinate Trustee and are held by the Subordinate Trustee for the benefit of the Holder thereof, all liability of the Issuer to the Holder thereof for the payment of such Subordinate Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Subordinate Trustee to hold such money, without liability for interest thereon, for the benefit of the Holder of such Subordinate Bond, who shall thereafter be restricted exclusively to such money for any claim of whatever nature on his or her part under the Subordinate Indenture or on, or with respect to, such Subordinate Bond. In the event that there is not sufficient funds to pay the principal of and accrued interest on the Subordinate Bonds at Maturity, then the Subordinate Trustee shall provide written notice to the Guarantor at the notice address in the Guaranty and make a demand that the Guarantor immediately make such required payment, including any Defaulted Interest and accrued and unpaid Accrual Interest Rate Amount that is accrued and unpaid at Maturity.

Any money remaining in the Bond Fund after payment in full of all Subordinate Bonds, and payment of the fees, charges and expenses of the Subordinate Trustee, the Paying Agent, and any Co-Paying Agent and any Issuer Fees and Expenses which have accrued and which will accrue and all other items required to be paid under the Subordinate Indenture shall be paid to the Borrower.

Money in the Bond Fund shall be invested as provided in the Subordinate Indenture.

Any surplus money in the Project Fund transferred to the Bond Fund pursuant to the Subordinate Indenture shall be used by the Subordinate Trustee (a) to redeem the largest number of Subordinate Bonds callable, without premium or penalty, under the terms of the Subordinate Indenture at the first opportunity or (b) to pay principal due on the Subordinate Bonds.

Capitalized Interest Fund

The Subordinate Indenture creates a Bond Fund. As set forth in the Closing Memorandum, the Subordinate Trustee will deposit to the Capitalized Interest Fund the amount necessary to pay capitalized interest for a period of time. Any interest earned on sums held in the Capitalized Interest Fund prior to [____ 1, 20__] shall remain a part of the Capitalized Interest Fund. Any funds remaining in the Capitalized Interest Fund following [____ 1, 20__] will be transferred to the Bond Fund.

The Guaranty

Under the terms of the Guaranty, the Guarantor has guaranteed the payment of Basic Payments (which include debt service on the Subordinate Bonds) and Additional Charges. In the event that the revenues of the Borrower and the pledge of Available Revenue is not sufficient for the payment of debt service on the Subordinate Bonds, then the Subordinate Trustee will look to the Guarantor under the Guaranty for repayment of the Subordinate Bonds; provided, however, the Subordinate Trustee shall not ask the Guarantor for any payments under the Guaranty for the Accrual Interest Rate Amount unless the Subordinate Bonds have been accelerated or at Maturity.

The Subordinate Mortgage

The Subordinate Bonds will be secured by a Subordinate Leasehold Deed of Trust, Assignment of Rents and Leases, Security Agreement and Fixture Filing (with Power of Sale), dated October [___], 2024 (the “Subordinate Mortgage”), made by the Borrower in favor of the Issuer, as assigned to the Subordinate Trustee, pursuant to an Assignment of Leasehold Deed of Trust, dated October [___], 2024, from the Issuer in favor of the Subordinate Trustee, and acknowledged by the Borrower, as the same may be amended, modified or supplemented from time to time (the “Assignment of Subordinate Mortgage”). The subordinate leasehold mortgage lien on the Housing Project consists generally of the Borrower’s leasehold interest in the land (initially subject to the terms of a Ground Lease) upon which the Housing Project is located. The leasehold mortgage lien granted to the Subordinate Trustee under the Subordinate Mortgage consists generally of the Borrower’s leasehold interest in the Housing Project, which is subject to, and junior and subordinate to the leasehold mortgage lien of the Senior Fiscal Agent, for the benefit of the Senior Funding Lender under the terms of the Senior Mortgage and leasehold mortgage lien of the Taxable Bridge Lender under the terms of the Taxable Bridge Mortgage. See “APPENDIX C-2 – SUBSTANTIALLY FINAL FORMS OF THE GUARANTY AND SUBORDINATE MORTGAGE – THE SUBORDINATE MORTGAGE” and “BONDHOLDERS’ RISKS – Risks Related to Subordination” in this Limited Offering Memorandum.

No Reserve Fund

The Subordinate Bonds will not be secured by a debt service reserve fund. The lack of a debt service reserve fund will affect the ability of the registered owners of the Subordinate Bonds to receive payments of debt service on the Subordinate Bonds should the Borrower not make the required payments under the terms of the Subordinate Loan Agreement.

Defeasance

Upon certain terms and conditions specified in the Subordinate Indenture, the Subordinate Bonds or portions thereof will be deemed to be paid and the security provided in the Subordinate Indenture may be discharged prior to maturity or redemption of the Subordinate Bonds upon the provision for the payment of such Subordinate Bonds. In that case, the Subordinate Bonds will be secured solely by the cash and securities deposited with the Subordinate Trustee for such purpose. See the summary of the Subordinate Indenture in “APPENDIX C-1 – SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE INDENTURE, SUBORDINATE LOAN AGREEMENT AND REGULATORY AGREEMENT – THE SUBORDINATE INDENTURE” in this Limited Offering Memorandum.

BONDHOLDERS’ RISKS

General Risk Factors

As noted above, the Subordinate Bonds are payable from certain payments to be made by the Borrower under the Subordinate Loan Agreement. Under certain limited circumstances the Subordinate Bonds also may be payable from the proceeds thereof or investment income thereon or, under certain circumstances, proceeds of insurance, sale or condemnation awards.

Certain risks are inherent in the operation of multifamily housing facilities such as the Housing Project. Such risks should be considered in evaluating the Borrower’s ability to generate sufficient revenues to pay principal of and interest on the Subordinate Bonds when due. **This section discusses some of these risks but is not intended to be a comprehensive listing of all risks associated with the operation of the Housing Project or the payment of the Subordinate Bonds.**

Special, Limited Obligations of Issuer

The Subordinate Bonds, the premium, if any, and the interest thereon will be special, limited obligations of the Issuer and will be payable exclusively from the Trust Estate. The Subordinate Bonds will not constitute a debt or a loan of credit or a pledge of the full faith and credit or taxing power of the Issuer, the City, or the State, or of any political subdivision thereof, within the meaning of any Texas constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer, the City, the State, or of any political subdivision thereof. The Subordinate Bonds will not constitute, directly or indirectly, or contingently obligate or otherwise constitute a general obligation of or a charge against the general credit of the Issuer, but will be special limited obligations of the Issuer payable solely from the sources described herein, but not otherwise. The Issuer has no taxing power. The Subordinate Bonds are not secured by any credit enhancement and there is no obligation on the part of any person to obtain or provide any credit enhancement.

No recourse shall be had for the payment of the principal of or premium, if any, or interest on the Subordinate Bonds against any past, present, or future officer, director, executive director, member, program manager, employee, counsel, advisor, contractor, consultant or agent of the Issuer, or of any successor to the Issuer, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, executive directors, members, program managers, employees, counsel, advisors, contractors, consultants or agents, if any, as such is expressly waived and released as a condition of and consideration for the execution and issuance of the Subordinate Bonds.

Cashflow Projection

The financial performance of the Housing Project contained in Appendix A under the heading “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Forecasted Net Project Revenues and Debt Service Coverage” (the “Forecast”) was prepared by the Borrower and is based upon certain assumptions made by the Borrower. No assurance can be given that the results shown in the Forecast will be achieved. The Borrower does not intend to issue an updated Forecast and, accordingly, there are risks inherent in using the Forecast in the future as the Forecast becomes outdated. See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Forecasted Net Project Revenues and Debt Service Coverage” in this Limited Offering Memorandum.

No guaranty can be made that the Forecast will correspond with the results actually achieved in the future by the Borrower because there is no assurance that actual events will correspond with the assumptions made by the Borrower. For example, the Forecast makes certain assumptions as to occupancy levels. Actual operating results of the Borrower may be affected by many factors, including, but not limited to, increased costs, lower than anticipated occupancy of the Housing Project, changes in demographic trends, and local and general economic conditions.

Risks Related to Subordination

The payment of the Surplus Cash portion of Available Revenue is subordinate to the rights of the Senior Funding Lender, to the cash flow from the Housing Project to pay debt service on the Senior Bonds and the other payments required under the financing documents relating to the Senior Bonds. In addition, the rights of the Subordinate Trustee under the Subordinate Loan Agreement (including the pledge of Surplus Cash as Available Revenue), the Subordinate Mortgage, and the Guaranty are junior and subordinate to (i) the rights of the Senior Fiscal Agent on behalf of the Senior Funding Lender with respect to the Senior Bonds, and (ii) the rights of the Taxable Bridge Lender with respect to the Taxable Bridge Loan. The Senior Funding Lender and the Taxable Bridge Lender will share a first pari passu position on all collateral. There can be no assurance that there will be sufficient funds available from Surplus Cash for the purpose of paying amounts due with respect to the Subordinate Bonds.

No Recourse to Borrower or its Partners

The obligations and liabilities of the Borrower under the Subordinate Loan Agreement are of a nonrecourse nature and are limited to the Housing Project and moneys derived from the operation of the Housing Project. Neither the Borrower, the General Partner, the Governing Member nor the Class B Limited Partner nor any other partner of Borrower have any personal liability for payments on the Subordinate Loan Agreement. Furthermore, the Borrower is a newly formed entity, and therefore no representation can be made that the Borrower has substantial funds available for the Housing Project. Accordingly, the financial statements of the Borrower are not included in this Limited Offering Memorandum.

Reliance on Guaranty

The guaranty by the Guarantor of Basic Payments under the Loan Agreement which are functionally the payment of principal of and interest on the Subordinate Bonds and performance by the Borrower of its obligations will not terminate while the Subordinate Bonds are Outstanding under the Subordinate Indenture. No assurance can be given that the Guarantor will have sufficient funds available to meet their obligations pursuant to the Guaranty, if called upon to perform.

Construction Risks

There can be no assurance that the construction of the Housing Project will be timely completed, or that it can be completed for the cost estimated by the Borrower as described in this Limited Offering Memorandum. The construction of any project such as the Housing Project is subject to the risks of cost overruns, non-completion and delays due to a variety of factors, including, among other things, site difficulties, necessary design changes or final detailing, labor strife, delays in and shortages of materials, weather conditions, fire and casualty. The Borrower is a newly formed limited partnership, and there cannot be any assurance that the Borrower will have funds necessary to pay any increased costs of the Housing Project, whether due to actual costs in excess of estimates, or material cost overruns. Such increased costs or delays in the completion of the construction of the Housing Project could adversely affect the amount and timing of the receipt of revenues of the Housing Project.

Certain information regarding the Contractor and the Construction Contract are set forth in “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Improvements to the Housing Project” in this Limited Offering Memorandum. The Construction Contract does not require the Contractor to purchase or procure any payment and performance bond in connection with the construction of the Housing Project. A failure of the Contractor to perform under the Construction Contract could adversely impact repayment of the Subordinate Bonds.

Environmental Risks

The Housing Project, like other types of commercial real estate, may be subject to such environmental risks which can result in substantial costs to the Borrower from any mandatory cleanup, damages, fines or penalties that might be ordered with respect thereto. Any environmental problems discovered with respect to the Housing Project could have an adverse effect on the collateral value thereof.

A Phase I Environmental Site Assessment (the “Phase I Report”), was completed by Braun Intertec Corporation (“Braun”), dated November 15, 2023, for the site of the Housing Project. The Phase I Report did not identify any recognized environmental conditions (“RECs”), controlled recognized environmental conditions (“CRECs”) or historical recognized environmental conditions (“HRECs”).

See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Environmental Site Assessment” in this Limited Offering Memorandum.

Infectious Disease Outbreak

An outbreak of a highly contagious, epidemic or pandemic infectious disease such as COVID-19, Zika or Ebola nationally or locally in the Housing Project’s market area could adversely affect the Borrower’s operations and financial results, including the cost or length of time necessary to complete the construction of the Housing Project. An increase in delinquencies and/or vacancies could depress rental revenue, and operating costs could increase, resulting in a default by the Borrower on its obligations with respect to the Subordinate Bonds, including the taxability of interest paid on, and/or the extraordinary mandatory redemption of, the Subordinate Bonds. Previously, in response to the COVID-19 pandemic, federal legislation was passed that included a temporary moratorium on eviction of tenants due to non-payment of rent when a property receives or participates in certain federal low income housing programs and if an outbreak of a new pandemic occurs similar legislation could be enacted in the future.

Plan and Cost Review

The Borrower engaged Hillman Consulting (“Hillman”) to prepare a Document and Cost Review, dated October 4, 2024 (the “Plan and Cost Review”) to assess, among other things, that the budget accurately reflects the scope of work indicated in the construction documents. Hillman indicated in the Plan and Cost Review that the total proposed budget appears to be within a reasonable range of anticipated costs in the subject locale for a project of its scope. A copy of the Plan and Cost Review is available from the Placement Agent upon request.

Subordination and Possible Limitations on the Subordinate Mortgage

The lien on the Housing Project granted to the Subordinate Trustee under the Subordinate Mortgage is junior and subordinate to the lien granted to the Senior Fiscal Agent, for the benefit of the Senior Funding Lender pursuant to the Senior Mortgage and the lien granted to the Taxable Bridge Lender pursuant to the Taxable Bridge Mortgage. The lien on the Borrower’s leasehold interest in the Housing Project and security interest in the equipment, fixtures and personal property, may be limited by the following: (i) statutory liens; (ii) rights arising in favor of the United States of America or any agency thereof; (iii) present or future prohibitions against assignment contained in any federal statutes or regulations; (iv) constructive trusts, equitable liens or other rights impressed or conferred by any state or federal court in the exercise of its equitable jurisdiction; (v) federal bankruptcy or state insolvency laws affecting assignments of revenues earned after any effective institution of bankruptcy or insolvency proceedings by or against the Borrower; (vi) rights of third parties in any revenues, including revenues converted to cash, not in possession of the Subordinate Trustee; and (vii) the requirement that appropriate continuation statements be filed in accordance with the Texas Uniform Commercial Code.

Competition and Reliance on Market Study

The ultimate success of the Housing Project and the ability of the Borrower to meet all of its obligations with respect to the Housing Project, including the timely payment of principal of and interest on the Subordinate Bonds, depends on the existence of adequate demand for units in the Housing Project. The Borrower commissioned a Market Feasibility Study, dated April 14, 2024, with an effective date of April 24, 2024 (the “Market Study”), prepared by Apartment MarketData, LLC (the “Market Consultant”) with respect to the Housing Project and its market area. The conclusions of the Market Study are solely the opinions of the Market Consultant and there are no guarantees that actual demand exists or will continue to exist which support the assumptions in the Market Study. The Borrower is not aware of any material changes to the information included in the Market Study. See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Market Area and Competition” and “APPENDIX B – MARKET STUDY” in this Limited Offering Memorandum. The Borrower faces competition from other existing multifamily rental housing facilities of a similar nature to the Housing Project and may face additional competition in the future if new multifamily rental housing facilities are constructed in the market area of the Housing Project that are of a similar nature to the Housing Project. The Market Study has identified five other existing affordable multifamily housing developments in the primary market area. Actual occupancy of the Housing Project in the future may vary from conclusions in the Market Study, which variance may be material and adverse. If, among other things, actual occupancy of the Housing Project is materially lower or rental rates for the Housing Project are materially less than assumed by the Borrower, actual revenues for the Housing Project will be less than projected, and perhaps materially less. Any shortfall in such revenues could adversely affect the ability of the Borrower to provide for payment in full of the Subordinate Bonds.

The Market Study contains certain assumptions and conditions as stated therein. Information regarding the competitive developments and the Market Study is located in “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE

HOUSING PROGRAM – Market Area and Competition” and “APPENDIX B – MARKET STUDY” in this Limited Offering Memorandum.

Nonperformance under Guaranty; Subordination to Senior Bonds and Construction Loan Financing Documents

Should the enforcement of the Guaranty become necessary to pay the principal or interest on the Subordinate Bonds, there is no assurance that the Guarantor will have or be able to raise sufficient funds to make such payments or otherwise perform its obligations under the Guaranty. Moreover, even if the Guarantor is solvent and has sufficient funds to pay debt service on the Subordinate Bonds, the Guarantor may reject or dishonor a properly made demand under the Guaranty. The Guaranty is an unsecured obligation of the Guarantor. The terms of the Guaranty do not restrict the ability of the Guarantor to enter into other guarantees and the Guaranty does not have any financial covenants for the Guarantor to comply with during the terms of the Subordinate Bonds. [The Guarantor has also guaranteed certain obligations with respect to the Senior Bonds and the Construction Loan, including the repayment thereof, which guaranties are senior to the Guarantor’s obligations under the Guaranty for the Subordinate Bonds.]

Income and Rent Restrictions

For information with respect to Income and Rent Restrictions, see “RENTAL HOUSING REQUIREMENTS” in this Limited Offering Memorandum.

Tax Exemption of Interest on the Subordinate Bonds

As described under “TAX MATTERS” in this Limited Offering Memorandum, the failure to comply with certain legal requirements may cause interest on the Subordinate Bonds to become includable in gross income for purposes of federal income taxation, retroactive to the date of issuance of the Subordinate Bonds. As a general matter, a Determination of Taxability will occur if interest on the Subordinate Bonds becomes includable in gross income for purposes of federal income taxation. Upon the occurrence of a Determination of Taxability, the Subordinate Bonds are subject to mandatory redemption, in whole, on the first Business Day for which proper notice of redemption can be given. The Redemption Price for the Subordinate Bonds upon a Determination of Taxability does not include a premium. See “THE SUBORDINATE BONDS – Redemption and Prepayment” in this Limited Offering Memorandum. There can be no assurance that the Borrower will be able to pay the Redemption Price for the Subordinate Bonds upon a Determination of Taxability.

In addition, future legislative or other developments could occur which could adversely affect the exclusion of interest on the Subordinate Bonds from gross income for federal income tax purposes, which could have a prospective or retroactive effect and which could adversely affect the value or marketability of tax-exempt bonds (including the Subordinate Bonds). See “TAX MATTERS” in this Limited Offering Memorandum. Any such development may or may not trigger a redemption of the Subordinate Bonds under the definition of “Determination of Taxability” in APPENDIX C-1 to this Limited Offering Memorandum. Prospective purchasers of the Subordinate Bonds should consult their own tax advisors regarding the impact of any such change in law or other developments.

Preferential Property Tax Treatment

The Housing Project is owned by the Issuer and ground leased to the Borrower. Pursuant to Chapter 394 of the Local Government Code of the State of Texas, the Issuer, as leasehold estate owner, receives a 100% tax exemption. The Borrower’s project pro-forma for the Housing Project assumes that it will be exempt from property taxes. The Texas law authorizing such preferential tax treatment could be amended or withdrawn by the Texas State Legislature in the future. A change in the use of the Housing Project, a

change in ownership structure of the Borrower, or a change in Texas law could materially increase the amount of real estate taxes payable by the Borrower in connection with its ownership of the Housing Project.

Adequacy of Insurance; Damage, Destruction or Condemnation

Although the Borrower will be required to obtain certain insurance as set forth in the Subordinate Loan Agreement, there can be no assurance that the Housing Project will not suffer losses for which insurance cannot be or has not been obtained or that the amount of any such loss, or the period during which the Housing Project cannot generate revenues, will not exceed the coverage of such insurance policies.

In the event the Housing Project is subject to the exercise of eminent domain by any governmental authority, no assurance can be given that any award for such taking will be adequate to allow the replacing of the Housing Project with a facility that will produce revenues sufficient to fund payments due on Housing Project debt, or to allow funding redemption in whole of all Housing Project debt.

Effect of Federal Bankruptcy Laws on Security for the Subordinate Bonds

Bankruptcy proceedings and equity principles may delay or otherwise adversely affect the enforcement of Bondholders' rights in the property granted as security for the Subordinate Bonds. Furthermore, if the security for the Subordinate Bonds is inadequate for payment in full of the Subordinate Bonds, bankruptcy proceedings and equity principles may also limit any attempt by the Subordinate Trustee to seek payment from other property of the Borrower. See "ENFORCEABILITY OF OBLIGATIONS" herein. Also, federal bankruptcy law permits adoption of a reorganization plan even though it has not been accepted by the Bondholders of a majority in aggregate principal amount of the Subordinate Bonds if the Bondholders are provided with the benefit of their original lien or the "indubitable equivalent." In addition, if the bankruptcy court concludes that the Bondholders have "adequate protection," it may: (i) substitute other security subject to the lien of the Bondholders; and (ii) subordinate the lien of the Bondholders (a) to claims by persons supplying goods and services to the Borrower after bankruptcy, and (b) to the administrative expenses of the bankruptcy proceeding. The bankruptcy court may also have the power to invalidate certain provisions of the Subordinate Loan Agreement that make bankruptcy and related proceedings by the Borrower an event of default thereunder.

Absence of Rating

The Subordinate Bonds have not been rated by any national rating agency. The Subordinate Bonds are believed to bear higher rates of interest than would prevail if the Subordinate Bonds were rated investment grade in order to compensate investors for a level of risk that is higher than the risk generally associated with investment grade bonds. In addition, unrated bonds typically are less liquid in the secondary market than rated bonds. See "BOND RATING NOT APPLIED FOR" in this Limited Offering Memorandum.

No Credit Enhancement Facility

There is no credit enhancement facility securing the Subordinate Bonds, nor is there any provision for a credit enhancement facility to be provided to secure any of the Subordinate Bonds.

As-Built Appraisal of Housing Project

In connection with the issuance of the Senior Bonds, the Initial Funding Lender has engaged JLL Valuation & Advisory Services, LLC (the "Appraiser") to perform an as-built appraisal of the Housing

Project, dated [September 24], 2024 with an effective date of [August 30,] 2024 (the “Appraisal”). The Appraiser’s opinion of value for the property is set forth below. **[to be completed with final appraisal]**

Land Value Conclusions

Appraisal Premise	Interest Appraised	Date of Value	Valuation Conclusion
Market Value – As Is			
Stabilized Net Operating Income			

By combining the land value conclusion with the depreciated replacement costs of the improvements, a value by the cost approach as completed and stabilized is indicated, as follows:

At Completion and Stabilization

Appraisal Premise	Interest Appraised	Date of Value	Valuation Conclusion
Depreciation Replacement Cost			
Land Value			
Indicative Property Value			

The valuation contained in the Appraisal report does not contain any personal property, fixtures, furniture or equipment or intangibles.

The valuations indicated in the Appraisal represent only the opinion of the Appraiser only as of the date of its Appraisal. The Appraiser has not been engaged to update or revise its appraisal since the date of its appraisal report. Prospective purchasers of the Subordinate Bonds should note that there may be a difference between the actual value of the multifamily property and the amount of the Subordinate Bonds, and that difference may be material and adverse to Bondholders. In particular, it cannot presently be determined with certainty what the value of the multifamily property would be in the event of foreclosure under the Subordinate Mortgage. See “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Appraisal” in this Limited Offering Memorandum for more information.

Value of Mortgaged Property

Security for the Subordinate Bonds includes a mortgage lien on the Housing Project evidenced by the Subordinate Mortgage by the Borrower in favor of the Subordinate Trustee. Attempts to foreclose under the Subordinate Mortgage may be met with protracted litigation and/or bankruptcy proceedings, which proceedings cause delays. Thus, there can be no assurance that upon the occurrence of an Event of Default, the Subordinate Trustee will be able to obtain possession of the Housing Project and generate revenue therefrom in a timely fashion. Because of the special nature, location, and other factors relating to the Housing Project, there can be no assurance that proceeds derived from the sale of the Housing Project upon default and foreclosure of the Subordinate Mortgage would be sufficient to pay all amounts due in respect of the Subordinate Bonds. Furthermore, (i) the Subordinate Mortgage contains several Permitted Encumbrances as described in the Subordinate Mortgage, and (ii) the mortgage lien granted to the Subordinate Trustee under the Subordinate Mortgage is junior and subordinate to the mortgage lien granted pursuant to the Senior Mortgage. See “SECURITY FOR THE SUBORDINATE BONDS” in this Limited Offering Memorandum.

Debt Service Schedule on the Subordinate Bonds Increases

Debt service on the Subordinate Bonds is not level and principal of the Subordinate Bonds does not start amortizing until 2056. The payment of the Accrual Interest Rate Amount is subject to various factors relating beyond the control of the Borrower. See the schedule of debt service on the Subordinate Bonds under the heading “DEBT SERVICE SCHEDULE” to this Limited Offering Memorandum. The debt service schedule for the Subordinate Bonds contains certain assumptions with respect to the future payment of the Accrual Interest Rate Amount based upon certain assumptions made by the Borrower with respect to the future operation of the Housing Project.

Secondary Market

The Placement Agent is not obligated to repurchase any Subordinate Bonds at the request of the holders thereof and cannot assure that there will be a continuing secondary market for the Subordinate Bonds. In addition, adverse developments, including insufficient cash flow from the Housing Project, may have an unfavorable effect upon prices for the Subordinate Bonds in the secondary market.

Forward-Looking Statements

The statements contained in this Limited Offering Memorandum that are not purely historical, are forward-looking statements, including statements regarding the expectations, intentions, or strategies of the Borrower regarding the future. Also, forward-looking statements include statements in which words such as “believe,” “expect,” “anticipate,” “intend,” “will,” or similar expressions are used. Potential investors should not place undue reliance on forward-looking statements. All forward-looking statements are made as of the date of this Limited Offering Memorandum, but are necessarily based on assumptions of future events, which have been provided by the Borrower. The Borrower, the Issuer and the Placement Agent have not assumed any obligation to update any such forward-looking statements. While the Borrower has no reason to believe that the assumptions that have been used in these forward-looking statements are not reasonable, these assumptions involve judgments with respect to, among other things, future economic, competitive, and market conditions, future business decisions, and future legal and regulatory circumstances and conditions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the Borrower. As a result, actual results will undoubtedly differ, and may differ materially, from those discussed in such forward-looking statements.

Summary

The foregoing is intended only as a summary of certain risk factors attendant to an investment in the Subordinate Bonds. In order for potential investors to identify risk factors and make an informed decision, potential investors should be thoroughly familiar with this entire Limited Offering Memorandum and the appendices hereto.

RENTAL HOUSING REQUIREMENTS

[To be updated]

Federal. The Borrower and the Issuer will enter into the Regulatory Agreement, which requires that at least forty percent (40%) of the completed units in the Housing Project be held available for persons with incomes that do not exceed sixty percent (60%) of the area median gross income. Section 142(d) of the Code requires that at least forty percent (40%) of the units in the Housing Project be held available for persons with incomes that do not exceed sixty percent (60%) of the area median gross income. In addition, the Borrower further covenants under the Regulatory Agreement to utilize its best efforts and all due

diligence to ensure that (A) substantially all (at least ninety percent (90%)) of the residential units in the Housing Project are rented to persons whose Adjusted Gross Income (as defined in APPENDIX C-1), together with the Adjusted Gross Income of all persons who intend to reside with such person in one residential unit, did not, for the immediately preceding tax year, exceed one hundred and forty percent (140%) of the area median income as determined and adjusted from time to time by the Secretary of HUD (an “Eligible Tenant”) and will not rent or lease any residential unit in the Housing Project to an Eligible Tenant if such rental would cause less than ninety percent (90%) of the residential units in the Housing Project to be rented to Eligible Tenants; and (B) (i) eighty percent (80%) of the units in the Housing Project are rented to persons whose Adjusted Gross Income, together with the Adjusted Gross Income of all persons who intend to reside with such person in one residential unit, did not, for the immediately preceding tax year, equal or exceed sixty percent (60%) of the area median income as determined and adjusted from time to time by the Secretary of HUD and (ii) the maximum rent charged by the Borrower for eighty percent (80%) of the units in the Development will not exceed thirty percent (30%) of the income for a family, whose Adjusted Gross Income equals sixty percent (60%) of the area median family income as determined from time to time by the Secretary of HUD and will not rent or lease any residential unit in the Housing Project to a person not a tenant if such rental would cause the limits set forth above to not be met.

Any failure of the Borrower to comply with the income restrictions of the Regulatory Agreement may cause interest on the Subordinate Bonds to be included in the gross income of the owners thereof for federal income tax purposes, retroactively to the date of issuance of the Subordinate Bonds. Neither the Borrower nor the Issuer has engaged a compliance monitor to administer the Regulatory Agreement or to monitor performance by the Borrower of the certain terms, provisions or requirements thereof.

LIHTC Requirements. The Borrower will claim certain low-income housing credits available under Section 42 of the Code, which are documented in an existing [Declaration of Land Use Restrictive Covenants/Land Use Restriction Agreement for Low-Income Housing Credits, dated _____, 20__ (the “LIHTC Declaration”)] for the benefit of The Texas Department of Housing and Community Affairs. The LIHTC Declaration requires that one hundred percent (100%) of the units in the Housing Project must be held available for persons whose incomes (adjusted for family size) do not exceed sixty percent (60%) of the median annual income of the area in which the Housing Project is located (adjusted for family size). **[TO BE CONFIRMED]** [In addition to tenant income limitations, the LIHTC Declaration will contain rent limitations pursuant to which gross rent for a unit (which may include a utility allowance) occupied by a low income tenant may not exceed thirty percent (30%) of the applicable income limitation (adjusted for family size). The LIHTC Declaration will require compliance by the Housing Project with the low-income housing tax credit income targeting and rent restrictions, subject to certain contingencies, for a period of fifteen years, as extended in accordance with an extended use period for an additional fifteen years, which is subject to release in accordance with the provisions of a qualified contract under Internal Revenue Code 42(h)(6)(F).]

The Borrower’s assumptions upon which its forecasted financial statements are based include rental rates which are in compliance with the various income and rent restrictions projected to be applicable in [2027]. For years after [2027], the forecasted financial statements are based on the Borrower’s assumption that average median area income will increase each year and therefore such rent and income restrictions will increase in each year. If median income decreases in any year, it is possible that permitted maximum rents and income limits may also decrease. See “APPENDIX C-1 – SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE INDENTURE, SUBORDINATE LOAN AGREEMENT AND REGULATORY AGREEMENT – THE REGULATORY AGREEMENT,” “THE HOUSING PROJECT AND PLAN OF FINANCE,” “TAX MATTERS,” and “APPENDIX A – THE BORROWER, THE HOUSING PROJECT, THE GUARANTOR, AND THE MANAGER – THE HOUSING PROJECT – Tenant Income and Rent Limitations” in this Limited Offering Memorandum.

ENFORCEABILITY OF OBLIGATIONS

On the date of issuance of the Subordinate Bonds, Bickerstaff Heath Delgado Acosta LLP in Austin, Texas, as Bond Counsel to the Issuer, will deliver an opinion, dated the delivery date, that the Subordinate Bonds are valid and binding special limited obligations of the Issuer enforceable in accordance with their terms and the Placement Agent Agreement, the Subordinate Indenture, the Subordinate Loan Agreement, the Regulatory Agreement, the Assignment of Subordinate Mortgage, and the Tax Certificate, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding agreements of the Issuer enforceable against the Issuer in accordance with their respective terms. Winthrop & Weinstine, P.A., of Minneapolis, Minnesota, as counsel to the Borrower and the Guarantor, will deliver its opinion that the Subordinate Loan Agreement, the Regulatory Agreement, the Subordinate Mortgage, the Tax Certificate, and the Placement Agent Agreement are valid and legally binding agreements of the Borrower, and the Guaranty is a valid and legally binding agreement of the Guarantor, each enforceable in accordance with their respective terms. The foregoing opinions will be generally qualified to the extent that the enforceability of the respective instruments may be limited by laws, decisions, and equitable principles affecting remedies and by bankruptcy or insolvency or other laws, decisions, and equitable principles affecting creditors' rights generally.

While the Subordinate Bonds are secured or payable pursuant to the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, and the Guaranty, the practical realization of payment from any security will depend upon the exercise of various remedies specified in the respective instruments. These and other remedies are dependent in many respects upon judicial action, which is subject to discretion and delay. Accordingly, the remedies specified in the above documents may not be readily available or may be limited. See "BONDHOLDERS' RISKS" in this Limited Offering Memorandum.

APPROVAL OF LEGAL MATTERS

The validity of the Subordinate Bonds are subject to receipt of an opinion by Bickerstaff Heath Delgado Acosta LLP, as Bond Counsel, and the tax exemption of interest on the Subordinate Bonds are subject to receipt of an opinion by Chapman & Cutler LLP in Chicago, Illinois, as Special Counsel to the Issuer, which opinions will be delivered with the Subordinate Bonds. See "APPENDIX D – FORM OF BOND COUNSEL OPINION" attached to this Limited Offering Memorandum for a form of the approving opinion of Special Counsel.

Certain legal matters will be passed on for the Borrower, General Partner, Class B Limited Partner, and the Guarantor by their counsel, Winthrop & Weinstine, P.A., of Minneapolis, Minnesota.

The Placement Agent has been represented in this transaction by Ballard Spahr LLP, Minneapolis, Minnesota.

TAX MATTERS

[To be updated by Chapman & Cutler LLP]

General Matters. In the opinion of Bickerstaff Heath Delgado Acosta LLP in Austin, Texas, Bond Counsel, under existing laws, regulations, rulings and judicial decisions, interest on the Subordinate Bonds is excludable from gross income for federal income tax purposes, except for interest on any Subordinate Bond for any period during which such Subordinate Bond is held by a "substantial user" of the facilities financed by the Subordinate Bonds or a "related person" within the meaning of Section 147(a) of the Code,

and interest on the Subordinate Bonds is not a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. The opinion described above assumes the accuracy of certain representations and compliance by the Issuer and the Borrower with covenants designed to satisfy the requirements of the Code that must be met subsequent to the issuance of the Subordinate Bonds. Failure to comply with such requirements could cause interest on the Subordinate Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Subordinate Bonds. The Issuer and the Borrower have covenanted to comply with such requirements. Bond Counsel has expressed no opinion regarding other federal tax consequences arising with respect to the Subordinate Bonds. For tax years beginning after December 31, 2022, interest on the Subordinate Bonds may affect the federal alternative minimum tax imposed on certain corporations.

The accrual or receipt of interest on the Subordinate Bonds may otherwise affect the federal income tax liability of the owners of the Subordinate Bonds. The extent of these other tax consequences will depend on such owners' particular tax status and other items of income or deduction. Bond Counsel has expressed no opinion regarding any such consequences. Purchasers of the Subordinate Bonds, particularly purchasers that are corporations (including S corporations, foreign corporations operating branches in the United States of America, and certain corporations subject to the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022), property or casualty insurance companies, banks, thrifts or other financial institutions, certain recipients of social security or railroad retirement benefits, taxpayers entitled to claim the earned income credit, taxpayers entitled to claim the refundable credit in Section 36B of the Code for coverage under a qualified health plan or taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, should consult their tax advisors as to the tax consequences of purchasing or owning the Subordinate Bonds.

Bond Counsel is also of the opinion that, under existing State of Texas statutes, interest on the Subordinate Bonds is exempt from Texas income tax. Bond Counsel has expressed no opinion regarding other tax consequences arising with respect to the Subordinate Bonds under the laws of the State of Texas or any other state or jurisdiction.

A copy of the form of opinion of Bond Counsel is attached hereto as APPENDIX D.

Backup Withholding. As a result of the enactment of the Tax Increase Prevention and Reconciliation Act of 2005, interest on tax-exempt obligations such as the Subordinate Bonds is subject to information reporting in a manner similar to interest paid on taxable obligations. Backup withholding may be imposed on payments to any owner of the Subordinate Bonds that fails to provide certain required information including an accurate taxpayer identification number to any person required to collect such information pursuant to Section 6049 of the Code. The reporting requirement does not in and of itself affect or alter the excludability of interest on the Subordinate Bonds from gross income for federal income tax purposes or any other federal tax consequence of purchasing, holding or selling tax-exempt obligations.

Changes in Federal and State Tax Law

From time to time, there are legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to under this heading "TAX MATTERS" or adversely affect the market value of the Subordinate Bonds. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value of the Subordinate Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Subordinate Bonds or the market value thereof would be impacted thereby. Purchasers of the Subordinate Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives, or litigation.

The opinions expressed by Bond Counsel are based on existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Subordinate Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any pending legislation, regulatory initiatives, or litigation.

PROSPECTIVE PURCHASERS OF THE SUBORDINATE BONDS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS PRIOR TO ANY PURCHASE OF THE SUBORDINATE BONDS AS TO THE IMPACT OF THE CODE UPON THEIR ACQUISITION, HOLDING OR DISPOSITION OF THE SUBORDINATE BONDS.

PLACEMENT

The Subordinate Bonds will be placed with the initial purchaser by Colliers Securities LLC, Minneapolis, Minnesota (the “Placement Agent”) pursuant to a Placement Agent Agreement (the “Placement Agent Agreement”) among the Placement Agent, the Issuer, the Borrower and the initial purchaser of the Subordinate Bonds. The Placement Agent is being paid a fee of 1.50% of the par amount of the Subordinate Bonds in connection with its services under the Placement Agent Agreement relating to the Subordinate Bonds. The Placement Agent Agreement provides that all of the Subordinate Bonds shall be placed with the initial purchaser and such action is subject to certain terms and conditions set forth in the Placement Agent Agreement, the approval of certain legal matters by counsel and certain other conditions. The Borrower has agreed under the Placement Agent Agreement to indemnify the Placement Agent, the Issuer, and the State, among other parties, against certain liabilities, including certain liabilities under federal and state securities laws. In the Placement Agent Agreement, the Borrower, the Issuer and the initial purchaser each acknowledges that the Placement Agent has not performed any due diligence with respect to the Issuer, the Borrower, or the Subordinate Bonds on which the initial purchaser may rely or has relied.

ISSUER’S FINANCIAL ADVISOR

Hilltop Securities, Inc. (“Hilltop”) has served as financial advisor to the Issuer for purposes of assisting the Issuer with the development and implementation of the bond program in connection with the Subordinate Bonds. Hilltop has not been engaged by the Issuer to compile, create or interpret any information in this Limited Offering Memorandum. Any information contained in this Limited Offering Memorandum concerning the Issuer, any of its affiliates or contractors and any outside parties has not been independently verified by Hilltop, and inclusion of such information is not, and should not, be construed as a representation by Hilltop as to its accuracy or completeness or otherwise. Hilltop is not a public accounting firm and has not been engaged by the Issuer to review or audit any information in this Limited Offering Memorandum in accordance with accounting standards. Hilltop does not assume any responsibility for the covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Subordinate Bonds, or the possible impact of any present, pending, or future actions taken by any legislative or judicial body.

VOLUNTARY CONTINUING DISCLOSURE

Although the Subordinate Bonds are exempt from the ongoing reporting requirements under Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the Borrower has voluntarily agreed to comply with the provisions of the Continuing Disclosure Agreement. The Guarantor is not a party to the Continuing Disclosure Agreement. See “APPENDIX G – FORM OF VOLUNTARY CONTINUING DISCLOSURE AGREEMENT” in this Limited Offering Memorandum.

The Issuer does not have any continuing disclosure obligation with respect to the Subordinate Bonds.

RELATIONSHIPS AMONG THE PARTIES

The Housing Project will be managed by Dominion Texas Management Services, LLC, which is an affiliate of the Class B Limited Partner. The construction of the Housing Project will be completed by the Contractor (as further described and defined in APPENDIX A)[, which is also an affiliate of the Class B Limited Partner]. In connection with the issuance of the Subordinate Bonds, the Issuer, the Borrower and the Placement Agent are being represented by the attorneys or law firms identified above under the heading “APPROVAL OF LEGAL MATTERS.” In other transactions not related to the Subordinate Bonds, each of these attorneys or law firms may have acted as bond counsel or represented the Issuer, the Borrower or the Placement Agent or their affiliates, in capacities different from those described, and there will be no limitations imposed as a result of the issuance of the Subordinate Bonds on the ability of any of these firms or attorneys to act as bond counsel or represent any of these parties in any future transactions. Potential purchasers of the Subordinate Bonds should not assume that the Issuer, the Borrower and the Placement Agent or their respective counsel or Bond Counsel have not previously engaged in, or will not after the issuance of the Subordinate Bonds engage in, other transactions with each other or with any affiliates of any of them, and no assurance can be given that there are or will be no past or future relationships or transactions between or among any of these parties or these attorneys or law firms.

In addition, the Subordinate Indenture permits the Subordinate Trustee and its officers and directors to acquire and own or become the pledgee of Subordinate Bonds and otherwise deal with the Issuer and the Borrower in the same manner, to the same extent and with like effect as though it were not Trustee under the Subordinate Indenture.

ABSENCE OF MATERIAL LITIGATION

The Issuer

As of the date hereof, there is no litigation pending (as to which the Issuer has received service of process) or, to the actual knowledge of the Issuer, overtly threatened in writing directly against the Issuer, affecting the existence of the Issuer or the title of any officers of the Issuer to their respective offices, or seeking to restrain or enjoin the issuance, sale, execution or delivery of the Subordinate Bonds or any proceedings of the Issuer with respect to the issuance or sale thereof, or the pledge or application of any monies or security for the Subordinate Bonds.

The Borrower and the Guarantor

The Borrower has advised that no litigation, proceedings, or investigations are pending or, to its knowledge, threatened against the Borrower or any of its property. In particular, no litigation, investigations, or proceedings are now pending or, to the knowledge of the Borrower, threatened against the Borrower which in any way questions or affects the right of the Borrower to enter into the Subordinate Loan Agreement, the Subordinate Mortgage, the Placement Agent Agreement, or the Regulatory Agreement, or which in any way questions or affects any proceedings or transactions relating to the issuance, sale, and delivery of the Subordinate Bonds. The Guarantor has advised that no litigation, proceedings, or investigations are pending or, to their knowledge, threatened against the Guarantor or any of its property that, if adversely determined, would result in the Guarantor being unable to fulfill its obligations under the Guaranty.

BOND RATING NOT APPLIED FOR

Neither the Issuer nor the Borrower has applied for a rating of the Subordinate Bonds from any of the national credit rating agencies, and, consequently, the Subordinate Bonds have not been rated by any national credit rating agency. The Borrower has not received a rating from any of the national credit rating agencies. The Subordinate Bonds are believed to bear higher rates of interest than obligations with investment-grade ratings in order to compensate investors for a level of risk that is higher than the risk generally associated with investment-grade obligations. In addition, unrated obligations such as the Subordinate Bonds typically have less liquidity in the secondary market than obligations that have received a rating from a national credit rating agency. See “BONDHOLDERS’ RISKS – Absence of Rating” in this Limited Offering Memorandum.

THE SUBORDINATE TRUSTEE

BOKF, NA, a national banking association organized under the laws of the United States, will serve as Trustee, Bond Registrar, and Paying Agent. The Subordinate Trustee will carry out those duties assigned to it under the Subordinate Indenture. Except for the contents of this section, the Subordinate Trustee has not reviewed or participated in the preparation of this Limited Offering Memorandum and assumes no responsibility for the nature, contents, accuracy, fairness or completeness of the information set forth in this Limited Offering Memorandum or for the recitals contained in the Subordinate Indenture or the Subordinate Bonds, or for the validity, sufficiency, or legal effect of any of such documents.

The mailing address of the Subordinate Trustee is BOKF, NA, 1401 McKinney, Suite 1000, Houston, Texas 77010, Attention: Corporate Trust Services. The Subordinate Trustee’s website is not incorporated into this Limited Offering Memorandum by such reference and is not a part hereof.

MISCELLANEOUS

General

The references herein to the Act, the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, the Regulatory Agreement, the Guaranty and other materials are only brief outlines of certain provisions thereof and do not purport to summarize or describe all the provisions thereof. Reference is hereby made to such instruments, documents, and other materials, copies of which will be furnished by the Subordinate Trustee upon request for further information.

Any statements in this Limited Offering Memorandum involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact.

The attached APPENDICES A through G are integral parts of this Limited Offering Memorandum and should be read in their entirety together with all of the foregoing statements.

It is anticipated that CUSIP identification numbers will be printed on the Subordinate Bonds, but neither the failure to print such numbers on any Subordinate Bond nor any error in the printing of such numbers will constitute cause for a failure or refusal by the purchaser thereof to accept delivery of or pay for any Subordinate Bonds.

Limited Issuer Involvement

The Borrower and the Guarantor have authorized and approved and the Issuer has consented to the lawful use and distribution of this Limited Offering Memorandum, although the Issuer has not reviewed or

approved any matters herein and assumes no responsibility for the accuracy or completeness of the information herein except for the information under the caption “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION – The Issuer” in this Limited Offering Memorandum.

No Registration of Subordinate Bonds

Registration or qualification of the offer and sale of the Subordinate Bonds (as distinguished from registration of the ownership of the Subordinate Bonds) is not required under the 1933 Act. THE BORROWER DOES NOT ASSUME ANY RESPONSIBILITY FOR QUALIFICATION OR REGISTRATION OF THE SUBORDINATE BONDS FOR SALE UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THE SUBORDINATE BONDS MAY BE SOLD, ASSIGNED, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED.

Interest of Certain Persons Named in this Limited Offering Memorandum

The fees to be paid to counsel to the Placement Agent, the Subordinate Trustee, and the Placement Agent are contingent upon the sale and delivery of the Subordinate Bonds.

Limited Offering Memorandum Certification of the Borrower

The preparation of this Limited Offering Memorandum and its distribution has been authorized by the Borrower. This Limited Offering Memorandum has been “deemed final” by the Borrower in compliance with the provisions of the Rule. This Limited Offering Memorandum is not to be construed as an agreement or contract between the Borrower and any purchaser, owner or holder of any Subordinate Bond.

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APPENDIX A

**THE BORROWER, THE HOUSING PROJECT,
THE GUARANTOR, AND THE MANAGER**

APPENDIX B
MARKET STUDY

APPENDIX C-1

**SUBSTANTIALLY FINAL FORMS OF THE SUBORDINATE
INDENTURE, SUBORDINATE LOAN AGREEMENT AND
REGULATORY AGREEMENT**

APPENDIX C-2

**SUBSTANTIALLY FINAL FORMS OF THE GUARANTY AND
SUBORDINATE MORTGAGE**

APPENDIX D
FORM OF BOND COUNSEL OPINION

APPENDIX D
FORM OF BOND COUNSEL OPINION

[To be provided by Bond Counsel]

APPENDIX E
BOOK-ENTRY SYSTEM ONLY

APPENDIX E

BOOK-ENTRY ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Securities. The Subordinate Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for each maturity of the Securities, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.8 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating: AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org (which websites are not incorporated herein by reference).

Purchases of the Securities under the DTC system must be made by or through Direct Participants which will receive a credit for the Securities on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Subordinate Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Securities, except in the event that use of the book-entry system for the Subordinate Bonds is discontinued.

To facilitate subsequent transfers, all Subordinate Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the Subordinate Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bond; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Subordinate Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Subordinate Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the Subordinate Bonds may wish to ascertain that the nominee holding the Security for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the

alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Redemption notices are required to be sent to DTC. If less than all of the Subordinate Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to Subordinate Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Subordinate Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Subordinate Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Issuer or Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

A Beneficial Owner will give notice to elect to have its Security purchased or tendered, through its Participant, to Trustee, and will effect delivery of such Security by causing the Direct Participant to transfer the Participant's interest in the Senior Bonds, on DTC's records, to Trustee. The requirement for physical delivery of Subordinate Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Subordinate Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Subordinate Bonds to the Subordinate Trustee's DTC account.

DTC may discontinue providing its services as depository with respect to the Subordinate Bonds at any time by giving reasonable notice to Issuer or the Subordinate Trustee. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE INFORMATION ABOVE DISCUSSING THE BOOK-ENTRY SYSTEM HAS BEEN FURNISHED BY DTC. NO REPRESENTATION IS MADE BY THE ISSUER, THE BORROWER OR THE PLACEMENT AGENT AS TO THE COMPLETENESS OR ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF. NO ATTEMPT HAS BEEN MADE BY THE ISSUER, THE BORROWER OR THE PLACEMENT AGENT TO DETERMINE WHETHER DTC IS OR WILL BE FINANCIALLY OR OTHERWISE CAPABLE OF FULFILLING ITS OBLIGATIONS. THE ISSUER HAS NO RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS, OR THE PERSONS FOR WHICH THEY ACT AS NOMINEES WITH RESPECT TO THE BOND, OR FOR ANY PRINCIPAL OF, OR INTEREST PAYMENT THEREON.

APPENDIX F
FORM OF INVESTOR LETTER

APPENDIX F

FORM OF INVESTOR LETTER

_____, 2024

Manor Housing Public Facility Corporation
Manor, Texas

Re: Manor Housing Public Facility Corporation Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments), Series 2024 (the “Subordinate Bonds”)

Ladies and Gentlemen:

The undersigned, as authorized representative of the purchaser named below (the “Purchaser”), represents that the Purchaser has purchased all of the Subordinate Bonds. In connection with such purchase, the Manor Housing Public Facility Corporation (the “Issuer”) requires that the Purchaser make certain representations as to the Purchaser’s willingness to accept the risks of investing in the Subordinate Bonds, the Purchaser’s investigation of such risks, and such other matters. Accordingly, the Purchaser represents and warrants to the Issuer Parties (as defined herein) as follows:

- A. **QUALIFICATION.** The Purchaser is (i) a Qualified Institutional Buyer (as defined in Rule 144A promulgated under the Securities Act of 1933, as amended (the “1933 Act”) (an “Approved Buyer”).
- B. **NO REGISTRATION; TRANSFERABILITY.** The Purchaser understands that the Subordinate Indenture of Trust, dated as of October 1, 2024 (the “Subordinate Indenture”), between the Issuer and BOKF, NA, as trustee (the “Subordinate Trustee”), relating to the Subordinate Bonds, has not been registered under the 1933 Act, the securities laws of any state or the Trust Indenture Act of 1939, as amended, in reliance upon certain exemptions set forth therein. The Purchaser acknowledges that the Subordinate Bonds (i) are not being registered or otherwise qualified for sale under the “blue sky” laws and regulations of any state and (ii) will not be listed on any securities exchange. The Purchaser has been informed and agrees that the Subordinate Bonds may only be transferred, in whole or in part, to a subsequent purchaser who is (A) an Approved Buyer, or (B) an “accredited investor” as defined in Section 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the 1933 Act (“Institutional Accredited Investors”), or (C) a transferee composed solely of Qualified Institutional Buyers or Institutional Accredited Investors, or (D) a deposit or sale of the Subordinate Bonds in or to a trust or custodial entity or arrangement, or any repurchase transaction or other secured lending transaction in which title, rights, or interest in the Subordinate Bonds are granted to a buyer or transferee, with respect to which, in each sale, each of the beneficial owners of which are Qualified Institutional Buyers or “accredited investors” as defined in Section 501(a) of Regulation D promulgated under the 1933 Act ((A) through (D), an “Approved Transferee”).
- C. **INDEPENDENT EVALUATION; WAIVER OF ISSUER’S DUE DILIGENCE; RELEASE.** The Purchaser has independently evaluated the factors associated with its investment decision, including the information contained in the limited offering memorandum (the “Offering Document”) regarding the proposed multifamily housing project to be financed in part with proceeds of the Subordinate Bonds (the “Housing Project”). The Purchaser acknowledges that the Subordinate Bonds are not rated by any credit rating agency. Purchaser acknowledges that the Issuer, the City of Manor, Texas (the “City”), the State of Texas (the “State”) and any of their past, present, and future directors, officers, members, employees, counsel, advisors, consultants, contractors and agents of any of the foregoing (each individually an “Issuer Party” and all collectively the “Issuer Parties”), except with respect to the information in the Offering Document under the headings “THE ISSUER” and “ABSENCE OF MATERIAL LITIGATION – The Issuer” (collectively, the “Issuer Portion”), have not undertaken to furnish information to the Purchaser, or to ascertain the accuracy or completeness of any information that may have been furnished to the Purchaser by or on behalf of the Issuer, Manor Leased Housing Associates I, Limited Partnership (the “Borrower”) or Dominion Holdings II,

LLC (the “Guarantor”) relating to the proposed operations, financial condition or future prospects of the Borrower, the Guarantor or the Housing Project and that none of the Issuer Parties have made any representations concerning the accuracy or completeness of any information supplied to the Purchaser (except with respect to the Issuer Portion) or relating to the Borrower, the Guarantor and the Housing Project. Except with respect to the Issuer Portion, the Purchaser hereby waives any requirements of due diligence in investigation or inquiry on the part of any of the Issuer Parties and all claims, actions, or causes of action which the Purchaser may have directly or indirectly from or relating to any action which the Issuer took, or could have taken, in connection with the issuance and sale of the Subordinate Bonds to the Purchaser.

- D. **SOPHISTICATION.** The Purchaser is sufficiently knowledgeable and experienced in financial and business matters, including the purchase and ownership of tax-exempt and taxable municipal obligations and other tax-exempt obligations for affordable multifamily housing developments, to be able to evaluate the risks and merits of the investment represented by the purchase of the Subordinate Bonds.
- E. **INVESTMENT PURPOSE.** The Purchaser is purchasing the Subordinate Bonds for investment and not with a current view to distribution, transfer, or resale thereof, provided that the disposition of the Subordinate Bonds shall at all times be within the sole control of the Purchaser within the constraints referenced above in paragraph B.
- F. **SPECIAL LIMITED OBLIGATIONS.** The Purchaser understands that the Subordinate Bonds are special limited, and not general, obligations of the Issuer payable solely from the Trust Estate pledged to the Subordinate Trustee under the Subordinate Indenture. The Purchaser understands that the Subordinate Bonds are not secured by any obligations or the pledge of any monies received or to be received from taxation or from the State or any political subdivision or taxing district thereof (including, without implied limitation, the Issuer), and that the Subordinate Bonds will never represent or constitute a general obligation, debt, or bonded indebtedness of the State, or any political subdivision thereof, and that no right will exist to have taxes levied by the State, or any political subdivision thereof, for the payment of the principal of, premium, if any, and interest on the Subordinate Bonds, and that payment of the principal of, premium, if any, and interest on the Subordinate Bonds depends upon the Trust Estate pledged to the Subordinate Trustee under the Subordinate Indenture. The Purchaser understands that the Issuer has no taxing power.
- G. **SURVIVAL.** All representations of the Purchaser contained herein shall survive the sale and delivery of the Subordinate Bonds to the Purchaser as representations of fact existing as of the date of execution and delivery of this Investor Letter.
- H. **DEFINED TERMS.** The capitalized terms not defined herein shall have the meaning ascribed to such terms in the Subordinate Indenture.

Yours very truly,

[NAME OF PURCHASER]

By: _____
 Name: _____
 Title: _____

APPENDIX G

FORM OF VOLUNTARY CONTINUING DISCLOSURE AGREEMENT

APPENDIX G
FORM OF VOLUNTARY CONTINUING DISCLOSURE AGREEMENT

[To be attached]

DMFIRM #413877853 v3

**Second Draft
October 9, 2024**

PLACEMENT AGENT AGREEMENT

BY AND AMONG

**MANOR HOUSING PUBLIC FACILITY CORPORATION,
as Issuer,**

**MANOR LEASED HOUSING ASSOCIATES I, LP,
as Borrower,**

**COLLIERS SECURITIES LLC,
as Placement Agent**

AND

**[INITIAL PURCHASER],
as Initial Purchaser**

Dated October __, 2024

**\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024**

This instrument drafted by:
Ballard Spahr LLP (BWJ)
2000 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

PLACEMENT AGENT AGREEMENT

\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

October __, 2024

Manor Housing Public Facility Corporation,
 Manor, Texas

[INITIAL PURCHASER]
 c/o Winthrop & Weinstine, P.A.
 Minneapolis, Minnesota

Manor Leased Housing Associates I, LP
 Plymouth, Minnesota
 c/o Dominion Development & Acquisition, LLC

Ladies and Gentlemen:

This agreement (this “Placement Agent Agreement”) sets forth the terms and conditions for the placement of the Subordinate Bonds, as defined below, being issued by the Manor Housing Public Facility Corporation (including its successors and assigns, the “Issuer”), a public facility corporation, organized under Chapter 303 of the Texas Local Government Code (the “Act”). Colliers Securities LLC (the “Placement Agent”) has been engaged as the Placement Agent but not as the underwriter, and hereby offers to enter into this Placement Agent Agreement (this “Placement Agent Agreement”) on its own behalf and not as your fiduciary, with the Issuer, Manor Leased Housing Associates I, LP (the “Borrower”), a Texas limited partnership, and [INITIAL PURCHASER] (the “Initial Purchaser”), the initial purchaser of the Subordinate Bonds. This offer is made subject to acceptance by the Issuer and agreement by the Borrower and Initial Purchaser, at or before 10:00 a.m., Central Time, on the date hereof, and, upon such acceptance, this Placement Agent Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the Issuer, the Borrower, the Initial Purchaser, and the Placement Agent.

The Issuer is authorized to issue the above-captioned Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “Subordinate Bonds” or the “Series 2024 Bonds”) pursuant to the Act and pursuant to a resolution of the Board of Directors of the Issuer adopted on October 16, 2024 (the “Bond Resolution”). The Subordinate Bonds shall be as described in and shall be issued pursuant to a Subordinate Indenture of Trust, dated as of October 1, 2024 (the “Subordinate Indenture”), by and between the Issuer and BOKF, NA, as trustee for the Subordinate Bonds (in such capacity, the “Subordinate Trustee”). Capitalized terms used herein but not defined herein shall have the meanings assigned thereto in the Subordinate Indenture, as the context requires.

Simultaneously with the issuance of the Subordinate Bonds, there will be executed and delivered a Subordinate Loan Agreement, dated as of October 1, 2024 (the “Subordinate Loan Agreement”), between the Issuer and the Borrower, pursuant to which the Issuer will loan the proceeds of the Subordinate Bonds to the Borrower (the “Loan”), to be used together with other available funds of the Borrower and proceeds of the Senior Note (as defined herein), in order to: (i) finance a portion of the costs of the acquisition, and the construction of an affordable multifamily housing facility consisting of

324 dwelling units, to be known as “Tower Road Apartments” and generally located at 12100 Tower Road in the City of Manor, Texas (the “Project”); (ii) fund required reserves, if any; (iii) fund capitalized interest on a portion of the Subordinate Bonds; and (iv) pay fees, expenses and costs incurred in connection with the authorization, issuance and sale of the Subordinate Bonds.

Payment of the principal of the Subordinate Bonds, the premium, if any, and the interest thereon will be special limited obligations of the Issuer and will be payable exclusively from the Trust Estate. The Subordinate Bonds will not constitute a debt or a loan of credit or a pledge of the full faith and credit or taxing power of the Issuer, the City of Manor, Texas (the “City”), Travis County, Texas (the “County”), or the State of Texas (the “State”), or of any political subdivision thereof, within the meaning of any Texas constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer, the County, or the State, or of any political subdivision thereof. The Subordinate Bonds will not constitute, directly or indirectly, or contingently obligate or otherwise constitute a general obligation of or a charge against the general credit of the Issuer, but will be special limited obligations of the Issuer payable solely from the sources described herein, but not otherwise. The Issuer has no taxing power.

No recourse shall be had for the payment of the principal of, premium, if any, or interest on the Subordinate Bonds against any past, present, or future officer, director, member, counsel, advisor, employee, contractor, consultant, executive director, program manager, or agent of the Issuer, or of any successor to the Issuer, as such, either directly or through the Issuer or any successor to the Issuer, under any rule of law or equity, statute, or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such officers, directors, members, counsel, advisors, employees, contractors, consultants, executive directors, program managers, or agents, as such, has been expressly waived and released as a condition of any consideration for the execution and issuance of the Subordinate Bonds.

The Subordinate Bonds will be secured by the (i) Guaranty Agreement, dated as of October 1, 2024 (the “Guaranty”), from Dominion Holdings II, LLC (the “Guarantor”), with respect to the Subordinate Bonds, in favor of the Subordinate Trustee, and (ii) a [Subordinate Leasehold Deed of Trust, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents], dated as of October 1, 2024 (the “Subordinate Mortgage”), by the Issuer in favor of the Borrower and assigned to the Subordinate Trustee pursuant to [an Assignment of Subordinate Mortgage].

The Borrower will be required to operate the Project in compliance with a Regulatory Agreement and Declaration of Restrictive Covenants, dated October __, 2024, among the Issuer, the Borrower, BOKF, NA, as fiscal agent (the “Fiscal Agent”), and the Subordinate Trustee, as the same may be amended from time to time.

Simultaneously with the issuance of the Subordinate Bonds, the Issuer is issuing its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, in the original aggregate principal amount of \$[60,819,515] (the “Senior Bonds” and, together with the Subordinate Bonds, the “Obligations”), pursuant to a Trust Indenture, dated as of October 1, 2024, between the Issuer and the Fiscal Agent, the proceeds of which will be used to make a loan to the Borrower to finance a portion of the cost of the Borrower’s acquisition, construction and equipping of the Project. The Borrower’s repayment obligations under the Senior Note will be secured by a [Leasehold Deed of Trust, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents], dated October [__], 2024 (the “Senior Mortgage”) on the Project. The Senior Mortgage will have a first priority lien on and security interest in the Project.

SECTION 1. Purchase and Placement of the Subordinate Bonds

On the basis of the representations, warranties and agreements contained herein, but subject to the terms and conditions herein, the Placement Agent agrees, on a best efforts basis, to arrange for the direct placement with the Initial Purchaser of all, but not less than all, of the total principal amount of the Subordinate Bonds subject to the terms of the Subordinate Indenture and the Subordinate Loan Agreement for a purchase price of the par amount of the Subordinate Bonds. Each series of the Subordinate Bonds shall bear interest at the rate and mature on the date as provided in Schedule I attached hereto, and have such other terms as provided in the Subordinate Indenture and described in the Offering Document (defined below). The Borrower agrees to pay to the Placement Agent, as compensation for its services, a placement agent fee equal to 1.50% of the par amount of the Subordinate Bonds (the “Placement Agent Fee”). The Placement Agent Fee shall be due and payable in immediately available funds on the Closing Date (defined below), solely and exclusively from funds provided by the Borrower.

The Issuer will deliver, or cause to be delivered, the Subordinate Bonds to or for the account of the Placement Agent against payment of the purchase price therefor by wire transfer of immediately available funds to the Subordinate Trustee (the “Closing”), at or prior to 12:00 p.m., Central Time, on October __, 2024, or at such other time not later than seven days thereafter as the Placement Agent, the Borrower and the Issuer shall mutually agree (the “Closing Date”). One Bond of each series will be delivered, registered in the name of Cede & Co. to the Subordinate Trustee as agent for The Depository Trust Company on or prior to the Closing Date. The Subordinate Bonds may be in printed, engraved, typewritten or photocopied form, and each such form shall constitute a “definitive” form.

Advances of the principal of the Subordinate Bonds after the Closing Date shall be by the Initial Purchaser made under the terms of the Subordinate Indenture and this Placement Agreement. The Placement Agent shall have no obligation to fund any subsequent Advance or any other post-closing advance of the Subordinate Bonds following the date of issuance of the Subordinate Bonds. The Initial Purchaser shall have no obligation to fund any subsequent Advance of the Subordinate Bonds following the date of issuance of the Subordinate Bonds unless the conditions set forth in the Subordinate Indenture and Subordinate Loan Agreement are complied with by the parties thereto.

SECTION 2. Offering Document

(a) The Borrower has delivered or will deliver to the Placement Agent, without charge, in such quantities as the Placement Agent has requested or may hereafter reasonably request, copies of the Limited Offering Memorandum, dated the date hereof, prepared with respect to the Subordinate Bonds (the “Offering Document”), and any amendments or supplements thereto. The Borrower will be responsible for any costs associated with printing and mailing the Offering Document.

(b) The Borrower has delivered to the Placement Agent the Offering Document with respect to the Subordinate Bonds that the Borrower deemed final. The Borrower expects to be exempt from Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the “Rule”).

(c) The Borrower and any other “issuers” within the meaning of the Rule agrees to deliver to the Placement Agent, at such addresses as the Placement Agent shall specify, as many copies of the Offering Document as the Placement Agent shall reasonably request as necessary to comply with paragraph (b)(4) of the Rule and with Rule G-32 and all other applicable rules of the Municipal Securities Rulemaking Board (the “MSRB”). The Borrower agrees to deliver such Offering Document within seven (7) Business Days after the date of this Placement Agent Agreement.

(d) The Borrower has authorized the delivery and execution of the Offering Document. The Issuer hereby consents to, and the Borrower hereby approves, the use by the Placement Agent of the Offering Document in connection with the Placement Agent's placement of the Subordinate Bonds with the Initial Purchaser.

(e) The Borrower will supply sufficient quantities of the Offering Document to enable the Placement Agent (i) to send a single copy of the Offering Document with any confirmation that requests payment for a Subordinate Bond, and in any event within seven (7) business days after the date hereof, and to any potential customer upon request until the earlier of (A) 90 days after the End of the Underwriting Period (as defined below) or (B) the time when the Offering Document is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, and (ii) to comply with any applicable rules of the MSRB. The Placement Agent agrees to promptly file the Offering Document with a nationally recognized municipal securities information repository. The "End of the Underwriting Period" means the later of the delivery of the Subordinate Bonds by the Issuer to the Placement Agent or when the Placement Agent no longer retains (directly or as a syndicate member) an unsold balance of the Subordinate Bonds for sale to the public, provided that the "End of the Underwriting Period" will be deemed to be the Closing Date unless the Placement Agent otherwise notifies the Issuer and the Borrower in writing prior to such date that there is an unsold balance of the Subordinate Bonds.

(f) If, during the period from the date hereof and ending on the earlier of (i) 90 days after the End of the Underwriting Period or (ii) the time when the Offering Document is available to any person from a nationally recognized municipal securities information repository, but in no case less than 25 days following the End of the Underwriting Period, any event occurs as a result of which the Offering Document for the Subordinate Bonds as then amended or supplemented might include an untrue statement of material fact, or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading, the Issuer, if such event relates to the information included in the Offering Document under the captions "THE ISSUER" and "ABSENCE OF MATERIAL LITIGATION – The Issuer" (solely as the information under such caption relates to the Issuer) (collectively, the "Issuer Portion") and the Issuer has actual knowledge of such event, or the Borrower shall promptly notify the Placement Agent thereof and shall (in either case, at the sole cost and expense of the Borrower), upon the request of the Placement Agent, prepare and deliver to the Placement Agent, as many copies of an amendment or supplement which will correct such statement or omission as the Placement Agent may reasonably request. For the purposes of this Placement Agent Agreement and the transactions contemplated herein, unless otherwise notified in writing by the Placement Agent on or before Closing, the Issuer may assume that the "End of the Underwriting Period" for purposes of the Rule shall be the date of Closing.

(g) The Borrower and the Placement Agent each acknowledge that the Issuer has furnished for inclusion in the Offering Document only the statements and information appearing therein in the Issuer Portion, and all other information contained in the Offering Document has been furnished by parties other than the Issuer, which other information has not been independently verified by any of the Issuer Indemnified Parties (as defined herein).

(h) The Issuer and the Placement Agent agree to cooperate with the Borrower to minimize any expenses incurred in connection with the preparation and distribution of any amendments or supplements to the Offering Document and/or any remarketing memoranda required by the foregoing provisions.

SECTION 3. Issuer's Representations and Agreements

The Issuer represents, covenants and agrees with and to the Placement Agent, the Borrower and the Initial Purchaser as follows:

(a) The Issuer is a public body corporate and politic established under the Act. The Issuer has the power and authority to carry out and consummate the transactions contemplated by the Issuer Documents (defined below).

(b) The Subordinate Indenture, the Subordinate Loan Agreement, the Regulatory Agreement, [the Subordinate Mortgage,][the Assignment of Subordinate Mortgage,] the Ground Lease, [a subordination agreement,] and the Tax Certificate (as defined in the Subordinate Indenture) (collectively, the "Issuer Documents") have been duly authorized, and once executed and delivered by the Issuer (assuming due authorization and execution by the other parties thereto), will each be in full force and effect.

(c) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has consented to the distribution of the Offering Document and authorized and approved the execution and delivery of the Issuer Documents and the consummation by the Issuer of the transactions contemplated thereby.

(d) To the Issuer's actual knowledge, there is no litigation pending against (as to which the Issuer has received service of process) or overtly threatened in writing directly against the Issuer or any of its board members in their capacities as such to restrain or enjoin the issuance or sale of the Subordinate Bonds or the execution and delivery of the Subordinate Bonds or the Issuer Documents, or in any way affecting or questioning the authority for or the validity of the Subordinate Bonds or the Issuer Documents, or the existence or power of the Issuer to use the proceeds from the sale of the Subordinate Bonds as described in the Subordinate Loan Agreement.

(e) The Subordinate Bonds, when delivered in accordance with the Subordinate Indenture and paid for by the Initial Purchaser on the Closing Date as provided in this Placement Agent Agreement, will have been duly authorized, executed, and delivered by the Issuer and will be valid and binding special limited obligations of the Issuer payable solely from the revenues and other property pledged and assigned for such payment as provided in the Subordinate Indenture.

(f) All meetings of the Board of Directors of the Issuer at which action was taken in connection with the Issuer Documents and the Subordinate Bonds were duly and legally called and held meetings, and were open to the public at all times, and notice of the time and place of each such meeting was given as required by law.

(g) The Issuer Portion in the Offering Document did not and does not make any untrue statement of a material fact or omit to state a material fact with respect to the Issuer necessary to make the statements made with respect thereto, in light of the circumstances under which they were made, not misleading.

(h) To the knowledge of the Issuer, the execution and delivery by the Issuer of the Issuer Documents and compliance with the provisions on the Issuer's part contained therein will not conflict with or constitute a material breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or

other instrument to which the Issuer is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Issuer under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided by the Issuer Documents.

(i) The Issuer has been informed by the Placement Agent that the Placement Agent has not performed any due diligence with respect to the Issuer, the Borrower, or the Subordinate Bonds on which the Initial Purchaser may rely or have relied. The Issuer acknowledges and agrees that any due diligence performed by the Placement Agent for its own purposes may be retained by the Placement Agent as needed for regulatory purposes.

(j) The Issuer acknowledges that the Placement Agent has not acted as a municipal advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Exchange Act Rule 15Ba1-1(d)), to the Issuer or rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Issuer, in connection with the offering or sale of the Subordinate Bonds or the process leading thereto. The Issuer has engaged Hilltop Securities, Inc. as its registered municipal advisor.

The execution and delivery of this Placement Agent Agreement by the Issuer shall constitute a representation to the Placement Agent that the representations contained in this Section are true as of the date hereof. The Placement Agent may rely on the Issuer's foregoing representations in connection with making the Subordinate Bonds eligible with DTC.

SECTION 4. Representations, Warranties and Agreements of the Borrower.

The Borrower represents, warrants, covenants and agrees with and to the Issuer, the Placement Agent and the Initial Purchaser, as follows:

(a) The Borrower is duly organized and existing as a limited partnership under the laws of the State of Texas, has full legal right, power and authority to own its properties and to conduct its business as described in the Offering Document and to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents (defined below) and the Offering Document, and is duly qualified to do such business and is in good standing wherever such qualification and/or standing are required, including the State.

(b) Manor Leased Housing Associate GP I, LLC (the "General Partner"), a Texas limited liability company and general partner of the Borrower, is duly organized and existing as a limited liability company under the laws of the State of Texas, has full legal right, power and authority to own its properties and to conduct its business as described in the Offering Document and to enter into and to carry out and consummate the transactions contemplated by the Borrower Documents and the Offering Document, and is duly qualified to do such business and is in good standing wherever such qualification and/or standing are required, including the State.

(c) The Borrower has full legal right, power and authority to enter into: (i) the Subordinate Loan Agreement; (ii) the Regulatory Agreement; (iii) the Tax Certificate; (iv) the [Subordinate Mortgage][Assignment of Subordinate Mortgage; (v) Development Fee Agreement, dated the Closing Date, between the Borrower and the Developer, (vi) this Placement Agent Agreement, (vii) the Continuing Disclosure Agreement, dated as of October 1, 2024 (the "Continuing Disclosure Agreement"), between the Borrower and BOKF, NA, as dissemination agent (the "Dissemination Agent");(viii) the

Amended and Restated Agreement of Limited Partnership, dated the Closing Date (the “Limited Partnership Agreement”), and (ix) the Subordination Agreement, dated as of October 1, 2024, between the Subordinate Trustee and the Fiscal Agent, and consented to by the Borrower (the “Subordination Agreement”). Collectively, the documents listed in (i) through (ix), are herein referred to as the “Borrower Documents.”

(d) By all necessary action, the Borrower and the General Partner, as applicable, have duly authorized and adopted the Borrower Documents and approved the distribution and delivery of the Offering Document and the use thereof and the execution and delivery of the Borrower Documents, and the performance by the Borrower and the General Partner, as applicable, of the obligations in connection with the issuance of the Subordinate Bonds on their part contained in the Borrower Documents and the consummation by them of all other transactions contemplated by the Subordinate Indenture, the Offering Document and the Borrower Documents in connection with the issuance of the Subordinate Bonds.

(e) On the Closing Date, the Borrower Documents will constitute the valid, legal and binding obligations of the Borrower and the General Partner, as applicable (assuming due authorization, execution and delivery by the respective other parties thereto, where necessary), enforceable against the Borrower and the General Partner, as applicable, in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws of general applicability affecting the enforcement of creditors’ rights and to general principles of equity, regardless of whether such enforceability is considered in equity or in law.

(f) At the time of the Borrower’s acceptance hereof and at all times subsequent thereto during the period up to and including the Closing Date, the Offering Document does not and will not contain any untrue or misleading statements of a material fact, or omit or allege to omit a material fact necessary to be stated therein in order to make the statements made therein, in light of the circumstances under which they were made, not misleading; provided the Borrower makes no representation as to information in the Offering Document under the headings “THE ISSUER,” “TAX MATTERS,” “ABSENCE OF MATERIAL LITIGATION – The Issuer,” and “PLACEMENT.”

(g) As of the date hereof, neither the Borrower nor the General Partner is in any material respect in violation of, breach of or default under any applicable law of the State of Minnesota, the State of Texas, or of any state in which the Borrower or the General Partner is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or the General Partner or any of their respective activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower or the General Partner is a party or by which the Borrower or the General Partner or any of their respective property or assets is bound, which violation or breach of or default would have a material adverse effect upon the transactions contemplated by this Placement Agent Agreement, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute such a default or event of default under any such instruments; and the execution and delivery of the Borrower Documents, and compliance with the provisions on the Borrower’s or the General Partner’s part contained therein, do not and will not conflict with or constitute on the part of the Borrower or the General Partner a violation or breach of or default under any law of the State of Minnesota, the State of Texas, or of any state in which the Borrower or the General Partner is authorized to do business or of the United States, or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Borrower or the General Partner or any of their respective activities, properties or assets, or any indenture, mortgage, deed of trust, resolution, note agreement (including, without limitation, the Borrower Documents) or other agreement or instrument to which the Borrower or the General Partner is a party or by which the Borrower or the General Partner or any of their respective

property or assets is bound which violation, breach or default would have a material adverse effect upon the transactions contemplated by this Placement Agent Agreement, nor will any such execution, delivery or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower or the General Partner or under the terms of any such law, regulation or instrument, except as provided by the Subordinate Bonds or the Borrower Documents.

(h) All consents, approvals, authorizations, and orders of or filings or registrations with any governmental authority, board, agency or commission of any state or of the United States having jurisdiction required in connection with, or the absence of which would materially adversely affect, the execution and delivery by the Borrower of the Borrower Documents or the performance by the Borrower of its obligations thereunder have been obtained or made and are in full force and effect or will be timely obtained.

(i) As of the date hereof, there is no action, suit, proceeding, inquiry or investigation of which the Borrower has been notified, at law or in equity, before or by any judicial or administrative court or governmental agency or body, state, federal or other, pending or, to the best knowledge of the Borrower, threatened against the Borrower or the General Partner, affecting the existence of the Borrower or the General Partner or the titles of their respective officers executing this Placement Agent Agreement to their respective offices, or contesting or affecting as to the Borrower or the General Partner, as applicable, the validity or enforceability of the Subordinate Bonds, any Borrower Document or the execution and delivery or adoption by the Borrower of any Borrower Document, or in any way contesting or challenging the completeness or accuracy of the Offering Document or the powers of the Borrower or the General Partner or their respective authority with respect to the Borrower Documents or the consummation of the transactions contemplated hereby or thereby; nor, to the best knowledge of the Borrower, is there any basis for any such action, suit, proceeding, inquiry or investigation, wherein an unfavorable decision, ruling or finding would materially adversely affect the Borrower's or the General Partner's financial condition or operations or the validity of the authorization, execution, delivery or performance by the Borrower or the General Partner, as applicable, of any Borrower Document.

(j) The Borrower will furnish such information, execute such instruments and take such other action in cooperation with the Placement Agent as the Placement Agent may reasonably request in order (i) to qualify the Subordinate Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Placement Agent may designate and (ii) to determine the eligibility of the Subordinate Bonds for investment under the laws of such states and other jurisdictions, and will use its best efforts upon the reasonable request of the Placement Agent to continue such qualifications in effect so long as required for the distribution of the Subordinate Bonds; provided, however, that the Borrower shall not be required to register as a dealer or broker of securities or execute a general or special consent to service of process or qualify to do business in any jurisdiction where it is not now so subject.

(k) Any certificate signed by the Borrower and delivered to the Placement Agent, the Initial Purchaser, or the Issuer pursuant to the Subordinate Indenture or the Borrower Documents shall be deemed a representation and warranty by the Borrower to the Placement Agent, the Initial Purchaser, and the Issuer as to the statements made therein as of the date thereof.

(l) The Borrower will not take or omit to take any action, which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Subordinate Bonds under the Internal Revenue Code of 1986, as amended.

(m) The Borrower shall honor all other covenants contained in the Borrower Documents.

(n) All permits, licenses and other authorizations necessary for the ownership, acquisition, construction, operation, and equipping of the Project in the manner contemplated by the Offering Document and the Borrower Documents have been obtained or will be obtained by the time required, and said ownership, acquisition and operation are not in conflict with any zoning or similar ordinance applicable to the Project.

(o) The Borrower acknowledges that it has made independent determinations about the risks, commitments, merits and terms of the Subordinate Bonds and the sale of the Subordinate Bonds to the Initial Purchaser without relying on any contribution of advice or recommendations by the Placement Agent.

(p) The Borrower agrees that it will not claim that the Placement Agent acted as a municipal advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Exchange Act Rule 15Ba1-1(d)), to the Borrower or rendered advisory services of any nature or respect, or owes a fiduciary or similar duty to the Borrower, in connection with the placement of the Subordinate Bonds or the process leading thereto.

The execution and delivery of this Placement Agent Agreement by the Borrower shall constitute a representation to the Placement Agent that the representations and warranties contained in this Section 4 are true as of the date hereof.

SECTION 5. Representations and Warranties of Placement Agent

The Placement Agent hereby represents, warrants and covenants to the Issuer, the Borrower, and the Initial Purchaser:

(a) The Placement Agent shall hold all Subordinate Bonds delivered to it by the Issuer and all funds paid to it by the Initial Purchaser and not on its own behalf, and agrees and acknowledges that it has no right, title or interest in the Subordinate Bonds or in such funds. The Placement Agent shall, immediately upon receipt of payment from the Initial Purchaser, transfer such funds pursuant to the directions or instructions of the Issuer and/or the Borrower.

(b) The Placement Agent is an entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization.

(c) The Placement Agent represents that it is either registered with the Financial Industry Regulatory Issuer, Inc. (“FINRA”) as a broker-dealer and the Securities and Exchange Commission (“SEC”) as a broker-dealer, or is otherwise registered with the necessary regulatory authorities required for it to serve as a Placement Agent for the Subordinate Bonds.

SECTION 6. Representations, Warranties and Agreements of the Initial Purchaser

The Initial Purchaser hereby represents, warrants and covenants to the Issuer:

(a) The Initial Purchaser has full power and authority to execute and deliver this Placement Agent Agreement on behalf of the Initial Purchaser and to carry out the terms hereof and, when executed and delivered by the Placement Agent, this Placement Agent Agreement will have been duly and validly authorized, executed and delivered by the Placement Agent, and, assuming due authorization, execution and delivery by the Issuer, the Borrower, and the Placement Agent will be a valid and binding obligation of the Initial Purchaser and will be in full force and effect, except as limited by bankruptcy, insolvency, liquidation, moratorium,

readjustment of debt, reorganization or similar laws relating to the enforcement of creditors' rights generally.

SECTION 7. Indemnification

(A) *By the Borrower:*

(1) THE BORROWER AGREES TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD EACH OF THE BOND COUNSEL, THE PLACEMENT AGENT, PLACEMENT AGENT'S COUNSEL, THE SUBORDINATE TRUSTEE, THE ISSUER, ITS COUNSEL, THE COUNTY, ITS COUNSEL, THE STATE AND EACH OF THEIR RESPECTIVE PAST, PRESENT, AND FUTURE DIRECTORS, EXECUTIVE DIRECTORS, OFFICERS, MEMBERS, PROGRAM MANAGERS, EMPLOYEES, COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS AND AGENTS, AND EACH PERSON, IF ANY, WHO CONTROLS ANY OF THE FOREGOING WITHIN THE MEANING OF SECTION 15 OF THE SECURITIES ACT OF 1933, AS AMENDED, OR SECTION 20 OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED (EACH AN "INDEMNIFIED PARTY" AND ALL COLLECTIVELY REFERRED TO HEREIN AS THE "INDEMNIFIED PARTIES") HARMLESS FOR, FROM, AND AGAINST ANY AND ALL CAUSES OF ACTION (WHETHER IN CONTRACT, TORT, OR OTHERWISE), CLAIMS, ACTIONS, DAMAGES (INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL AND PUNITIVE DAMAGES), DEMANDS, JUDGEMENTS, LIABILITIES, LOSSES, SUITS, FINES, PENALTIES, AND COSTS AND EXPENSES (INCLUDING, WITHOUT LIMITATION, COSTS OF INVESTIGATION, ATTORNEYS' FEES AND EXPENSES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) OF EVERY KIND, CHARACTER, AND NATURE WHATSOEVER (INDIVIDUALLY AND COLLECTIVELY, THE "LIABILITIES") DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO ANY UNTRUE OR MISLEADING STATEMENT OF A MATERIAL FACT REGARDING THE BORROWER OR THE BORROWER'S OPERATIONS CONTAINED IN THE OFFERING DOCUMENT OR ALLEGED UNTRUE OR MISLEADING STATEMENT REGARDING THE BORROWER OR THE BORROWER'S OPERATIONS OR CAUSED BY ANY OMISSION OR ALLEGED OMISSION FROM THE OFFERING DOCUMENT OF ANY MATERIAL FACT NECESSARY TO BE STATED THEREIN REGARDING THE BORROWER OR THE BORROWER'S OPERATIONS IN ORDER TO MAKE THE STATEMENTS MADE THEREIN, IN LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

(2) THE BORROWER FURTHER AGREES TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD EACH OF THE ISSUER, THE COUNTY, THE STATE AND EACH OF THEIR RESPECTIVE PAST, PRESENT, AND FUTURE DIRECTORS, OFFICERS, EXECUTIVE DIRECTORS, MEMBERS, PROGRAM MANAGERS, EMPLOYEES, COUNSEL, ADVISORS, CONTRACTORS, CONSULTANTS AND AGENTS (EACH AN "ISSUER INDEMNIFIED PARTY" AND COLLECTIVELY THE "ISSUER INDEMNIFIED PARTIES") HARMLESS FOR, FROM AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THE SUBORDINATE BONDS, THE LOAN, THE SUBORDINATE LOAN AGREEMENT, THE PROJECT, THE SUBORDINATE INDENTURE, OR ANY DOCUMENT RELATED TO THE ISSUANCE AND SALE OF THE SUBORDINATE BONDS, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING:

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

(II) VIOLATION OF ANY AGREEMENT, COVENANT, OR CONDITION OF THE BORROWER DOCUMENTS;

(III) VIOLATION OF ANY AGREEMENT, CONTRACT, OR RESTRICTION RELATING TO THE PROJECT;

(IV) VIOLATION OF ANY LAW, ORDINANCE, OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP, OCCUPANCY, OR USE THEREOF;

(V) THE ISSUANCE AND SALE OF THE SUBORDINATE BONDS OR ANY OF THEM; AND

(VI) ANY STATEMENT, INFORMATION, OR CERTIFICATE FURNISHED BY THE BORROWER TO THE ISSUER WHICH IS MISLEADING, UNTRUE, INCOMPLETE, OR INCORRECT IN ANY RESPECT.

(3) THE BORROWER ALSO AGREES TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS EACH OF THE ISSUER INDEMNIFIED PARTIES FOR, FROM, AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO (A) ANY ERRORS OR OMISSIONS OF ANY NATURE WHATSOEVER CONTAINED IN ANY LEGAL PROCEEDINGS OR OTHER OFFICIAL REPRESENTATION OR INDUCEMENT MADE BY OR TO THE ISSUER OR THE STATE PERTAINING TO THE SUBORDINATE BONDS, AND (B) ANY FRAUD OR MISREPRESENTATIONS OR OMISSIONS CONTAINED IN THE PROCEEDINGS OF THE ISSUER OR THE STATE RELATING TO THE ISSUANCE OF THE SUBORDINATE BONDS OR PERTAINING TO THE FINANCIAL CONDITION OF THE BORROWER WHICH, IF KNOWN TO THE INITIAL PURCHASER, MIGHT BE CONSIDERED A FACTOR IN SUCH PERSON'S DECISION TO PURCHASE THE SUBORDINATE BONDS; PROVIDED, HOWEVER, NOTHING IN THIS SUBSECTION SHALL BE DEEMED TO PROVIDE THE ISSUER WITH INDEMNIFICATION FOR ANY OMISSIONS OR MISSTATEMENTS OF THE ISSUER CONTAINED IN THE OFFERING DOCUMENT UNDER THE SECTIONS CAPTIONED "THE ISSUER" OR "ABSENCE OF MATERIAL LITIGATION – THE ISSUER", AS SUCH SECTIONS RELATE SOLELY TO THE ISSUER.

(4) Paragraphs (2) and (3) above are intended to provide indemnification to each Issuer Indemnified Party for his or her active or passive negligence or misconduct; provided, however, that nothing in paragraphs (2) and (3) above shall be deemed to provide indemnification to any Issuer Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud or willful misconduct of such Issuer Indemnified Party, as determined by a final decision of a court of competent jurisdiction.

(5) Any party entitled to indemnification hereunder shall notify the Borrower of the existence of any claim, demand, or other matter to which the Borrower's indemnification obligation applies, and shall give the Borrower a reasonable opportunity to defend the same at its own expense and with counsel satisfactory to the Indemnified Party; provided that the

Indemnified Party shall at all times also have the right to fully participate in the defense. If the Indemnified Party is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Borrower or if the Borrower shall, after receiving notice of the Borrower's indemnification obligation, as the case may be, and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose satisfactory to the Indemnified Party, the Indemnified Party shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Borrower. The Borrower shall be responsible for the counsel fees, costs, and expenses of the Indemnified Party in conducting its defense.

(6) The Indemnified Parties and the Issuer Indemnified Parties, other than the Issuer, shall be considered to be intended third party beneficiaries of this Placement Agent Agreement for purposes of paragraphs (1) - (5) of this Section 7A. The provisions of paragraphs (1) - (5) of this Section 7(A) shall be in addition to all liability that the Borrower may otherwise have and shall survive any termination of this Placement Agent Agreement, the placement of the Subordinate Bonds, and the payment or provision for payment of the Subordinate Bonds.

(B) *By the Placement Agent:*

(1) THE PLACEMENT AGENT AGREES TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES AND THE BORROWER, AND THEIR RESPECTIVE MEMBERS, DIRECTORS, OFFICERS, COUNSEL, ADVISORS AND AGENTS (EACH AN "OBLIGATED ENTITY INDEMNIFIED PARTY" AND ALL COLLECTIVELY REFERRED TO AS THE "OBLIGATED ENTITY INDEMNIFIED PARTIES") FOR, FROM, AND AGAINST ANY AND ALL LIABILITIES, DIRECTLY OR INDIRECTLY, ARISING FROM OR RELATING TO ANY UNTRUE STATEMENTS OR OMISSIONS, OR ALLEGED UNTRUE STATEMENTS OR OMISSIONS, MADE IN THE OFFERING DOCUMENT UNDER THE CAPTION "PLACEMENT" CONTAINED THEREIN, OR IN ANY SUPPLEMENT THERETO, OR DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THE OMISSION OR ALLEGED OMISSION TO STATE THEREIN A FACT NECESSARY TO MAKE THE STATEMENTS THEREIN NOT MISLEADING, SO MADE OR OMITTED NEGLIGENTLY, INTENTIONALLY, OR IN ANY OTHER MANNER, WHICH UNTRUE STATEMENT OR OMISSION OR THE ALLEGED UNTRUE STATEMENT OR OMISSION WAS MADE IN RELIANCE UPON INFORMATION FURNISHED BY THE PLACEMENT AGENT EXPRESSLY FOR USE IN THE OFFERING DOCUMENTS.

(2) THE PLACEMENT AGENT AND THE INITIAL PURCHASER AGREE TO PAY, DEFEND, PROTECT, INDEMNIFY, AND HOLD HARMLESS EACH OF THE INDEMNIFIED PARTIES AND THE OBLIGATED ENTITY INDEMNIFIED PARTIES FOR, FROM AND AGAINST ANY AND ALL LIABILITIES DIRECTLY OR INDIRECTLY ARISING FROM OR RELATING TO THE PLACEMENT AGENT'S VIOLATION OF FEDERAL OR STATE SECURITIES LAWS IN THE INITIAL PLACEMENT OF THE SUBORDINATE BONDS.

(3) Paragraphs (1) and (2) of this Section 7(B) are intended to provide indemnification to each Indemnified Party and each Obligated Entity Indemnified Party for his or her active or passive negligence or misconduct; provided, however, that nothing in paragraphs (1) and (2) above shall be deemed to provide indemnification to any Issuer Indemnified Party with respect to any Liabilities arising from the successful allegation of fraud or willful misconduct of

such Issuer Indemnified Party, as determined by a final decision of a court of competent jurisdiction, or to any other Indemnified Party or any Obligated Entity Indemnified Party with respect to any Liabilities arising from the fraud, gross negligence, or willful misconduct of such Indemnified Party, or the fraud, or willful misconduct of such Obligated Entity Indemnified Party.

(4) Any party entitled to indemnification under this Placement Agent Agreement shall notify the Placement Agent of the existence of any claim, demand, or other matter to which the Placement Agent's indemnification obligation applies, and shall give the Placement Agent a reasonable opportunity to defend the same at its own expense and with counsel reasonably satisfactory to the Indemnified Party or the Obligated Entity Indemnified Party, as the case may be; provided that the Indemnified Party or the Obligated Entity Indemnified Party, as the case may be, shall at all times also have the right to fully participate in the defense. If the Indemnified Party or the Obligated Entity Indemnified Party, as the case may be, is advised in an opinion of counsel that there may be legal defenses available to it which are different from or in addition to those available to the Placement Agent or if the Placement Agent shall, after receiving notice of the Placement Agent's indemnification obligation and within a period of time necessary to preserve any and all defenses to any claim asserted, fails to assume the defense or to employ counsel for that purpose reasonably satisfactory to the Issuer Indemnified Party or the Obligated Entity Indemnified Party, as the case may be, the Issuer Indemnified Party or the Obligated Entity Indemnified Party, as the case may be, shall have the right, but not the obligation, to undertake the defense of, and to compromise or settle the claim or other matter on behalf of, for the account of, and at the risk of, the Placement Agent. The Placement Agent shall be responsible for the counsel fees, costs, and expenses of the Issuer Indemnified Party or the Obligated Entity Indemnified Party, as the case may be, in conducting its defense.

(5) The Indemnified Parties, other than the Issuer, and the Obligated Entity Indemnified Parties, other than the Borrower shall be considered to be intended third party beneficiaries of this Placement Agent Agreement for purposes of paragraphs (1) to (4) above. The provisions of paragraphs (1) to (4) of this Section 7(B) shall be in addition to all liability which the Placement Agent may otherwise have and shall survive any termination of this Placement Agent Agreement, the placement of the Subordinate Bonds, and the payment or provision for payment of the Subordinate Bonds.

(C) *Contribution to Indemnification.* While the Borrower and the Placement Agent both understand and agree that the provisions of this Section 7(C) do not in any way bind the Issuer and the Issuer Indemnified Parties and such provisions shall have no effect whatsoever on any other section contained herein other than Sections 7(A) and 7(B) above, in order to provide for just and equitable contribution in circumstances in which the indemnity provided for in Sections 7(A) or 7(B) is for any reason held to be unavailable, the Borrower and the Placement Agent agree that each shall contribute proportionately to the aggregate Liabilities to which the Borrower and the Placement Agent may be subject, so that the Placement Agent is responsible for that portion represented by the percentage that the fees paid by the Borrower to the Placement Agent in connection with the issuance and sale of the Subordinate Bonds bears to the aggregate offering price of the Subordinate Bonds, with the Borrower responsible for the balance; provided, however, that in no case shall the Placement Agent be responsible for any amount in excess of the fees paid by the Borrower to the Placement Agent in connection with the issuance and sale of the Subordinate Bonds except for any amount due to and/or the result of the fraud, gross negligence or intentional misconduct of the Placement Agent.

(D) The indemnification hereunder shall be in addition to, and shall not limit, any indemnity granted by the Borrower pursuant to the Subordinate Loan Agreement, the Regulatory Agreement or any other document.

SECTION 8. Closing

At or before 12:00 p.m., Central Time, on the Closing Date, or at such time on such earlier or later date as shall be agreed upon in writing by the Issuer, the Borrower, and the Placement Agent, the Issuer shall direct the Subordinate Trustee to deliver the Subordinate Bonds to the Placement Agent through the facilities of The Depository Trust Company (“DTC”), New York, New York, in definitive form, duly executed and authenticated by the Subordinate Trustee. Subject to the terms and conditions hereof, the Issuer shall deliver at the offices of Bickerstaff Heath Delgado Acosta LLP, Austin, Texas, or at such other place as may be mutually agreed upon by the Issuer, the Borrower and the Placement Agent, the Issuer Documents and the Borrower Documents, and the Initial Purchaser shall accept delivery of the Subordinate Bonds, the Issuer Documents, and the Borrower Documents and pay the purchase price for the Subordinate Bonds by wire transfer, to the Subordinate Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer shall direct. As a condition precedent to such acceptance, the Placement Agent shall have received the Placement Agent Fee by wire transfer in immediately available federal funds to the order of the Placement Agent, in such manner as shall be agreed upon by the Borrower, the Initial Purchaser and the Placement Agent. If the Placement Agent shall make such request, the applicable Bonds shall be made available to the Placement Agent one business day before the Closing at the offices of DTC for purposes of inspection and packaging. The ownership of one fully registered Bond of each series in the aggregate principal amount of the respective series of Bond, each bearing a proper, duly assigned CUSIP number will be issued initially in the name of Cede & Co., as nominee of DTC.

SECTION 10. Closing Conditions of the Placement Agent

The obligation of the Initial Purchaser to purchase the Subordinate Bonds and the obligation of the Issuer to sell the Subordinate Bonds to the Initial Purchaser shall be subject to the following conditions precedent and the Subordinate Trustee (on behalf of the Initial Purchaser) receiving the following, which shall be deemed met upon Initial Purchaser’s purchase of the Subordinate Bonds:

(a) A certificate of the Issuer, signed by an authorized signatory of the Issuer, dated the date of the Closing, in the form attached hereto as Exhibit A.

(b) A certificate of the Borrower, signed by an authorized representative of the Borrower, dated the date of the Closing, to the effect that (A) the representations, warranties and agreements of the Borrower contained in this Placement Agent Agreement and in the Borrower Documents are true and correct in all material respects as of the date of the Closing; (B) no litigation to which the Borrower is a party is pending or, to the knowledge of the Borrower, threatened, (1) seeking to restrain or enjoin the issuance or delivery of any of the Subordinate Bonds or the collection of revenues or other security pledged under the Subordinate Indenture, (2) in any way contesting or affecting any authority for the issuance of the Subordinate Bonds or the validity of the Subordinate Bonds, the resolution adopted by the governing body of the Borrower approving the issuance of the Subordinate Bonds, the Subordinate Indenture or any of the Borrower Documents, or (3) in any way contesting the existence or powers of the Borrower; (C) no event affecting the Borrower has occurred since the date of the Offering Document that should be disclosed in the Offering Document, for the purpose for which it is to be used or which should be disclosed therein in order to make the statements and information therein not misleading in any material respect; (D) the information in the Offering Document relating to the

Borrower, the Project, and the proposed operation of the Project is true and correct in all material respects, and the information under the heading “BONDHOLDERS’ RISKS” is a fair description of the risk factors related to the Project; (E) all resolutions and other actions required to be approved or taken by or on behalf of the Borrower authorizing and approving the transactions described or contemplated in this Placement Agent Agreement or in the Offering Document, the execution of or approval of the respective forms of, as the case may be, this Placement Agent Agreement, the Subordinate Indenture, the Borrower Documents and the Subordinate Bonds have been duly approved by the Borrower, are in full force and effect and have not been modified, amended or repealed; (F) the Borrower is a limited partnership organized and validly existing and in good standing under the laws of the State of Texas, and is duly authorized to conduct its business in and is in good standing in the State, with full power and authority to own its properties and conduct its business; and (G) such other matters reasonably requested by the Placement Agent or Issuer.

(c) A certificate of the Guarantor, signed by an authorized representative of the Guarantor, dated the date of the Closing, to the effect that (A) no litigation is pending or to its knowledge threatened, (1) in any way contesting or affecting the Guaranty, or (3) in any way contesting the existence or powers of the Guarantor; (B) no event affecting the Guarantor has occurred since the date of the Offering Document that should be disclosed in the Offering Document, for the purpose for which it is to be used or which should be disclosed therein in order to make the statements and information therein not misleading in any material respect; (C) the information in the Offering Document relating to the Guarantor is true and correct in all material respects; (D) all resolutions and other actions required to be approved or taken by or on behalf of the Guarantor authorizing and approving the transactions described or contemplated in this Placement Agent Agreement and the Guaranty and the execution and delivery of the Guaranty has been duly approved by the Guarantor, are in full force and effect and have not been modified, amended or repealed; (E) the Guarantor is a limited liability company organized and validly existing under the laws of the State of Minnesota with full power and authority to own its properties and conduct its business; and (F) such other matters reasonably requested by the Placement Agent or Issuer.

(d) The Issuer and the Placement Agent shall have received the legal opinion of Bond Counsel, in substantially the form set forth in Appendix D of the Offering Document, and the Placement Agent shall have received a supplemental opinion of Bond Counsel dated the Closing Date with respect to the Offering Document and addressed to the Placement Agent and the Issuer in substantially the form set forth in Exhibit B hereto.

(e) No default or event of default (as defined in any of the Issuer Documents or Borrower Documents) shall have occurred and be continuing, and no event shall have occurred and be continuing which, with the lapse of time or the giving of notice or both, would constitute such a default or event of default.

(f) No material adverse change shall have occurred, nor shall any development involving a prospective material and adverse change in, or affecting the affairs, business, financial condition, results of operations, prospects or properties (including the Project) of, the Issuer, the Borrower or the General Partner have occurred between the date hereof and the Closing Date.

(g) On or prior to the Closing Date, all actions required to be taken as of the Closing Date in connection with the Subordinate Bonds, the Issuer Documents and the Borrower Documents by the Issuer and the Borrower shall have been taken, and the Issuer and the

Borrower shall each have performed and complied with all agreements, covenants and conditions required to be performed or complied with by the Issuer Documents and Borrower Documents, and the Borrower shall deliver a certificate to such effect insofar as the foregoing actions, agreements, covenants and conditions apply to the Borrower, and each of such agreements shall be in full force and effect and shall not have been amended, modified or supplemented, except as has been agreed to by the Placement Agent.

(h) Each of the Issuer Documents and Borrower Documents shall have been executed and delivered by each of the respective parties thereto, all such documents shall be in forms exhibited to Placement Agent on this date with only such changes as the Placement Agent may approve, and each of the Issuer Documents and Borrower Documents shall be in full force and effect.

(i) None of the events referred to in Section 11 of this Placement Agent Agreement shall have occurred.

(j) The Placement Agent and the Issuer shall have received the opinion of counsel to the Borrower in substantially the form set forth in Exhibit C hereto. The Borrower hereby authorizes and directs its counsel to render such opinion to and for the benefit of the Issuer and the Placement Agent.

(k) The Placement Agent shall have received an opinion of its counsel as to the Subordinate Bonds in form and substance satisfactory to the Placement Agent.

(l) The Placement Agent shall have received a copy of the Tax Certificate executed by the Borrower and the Issuer, dated the Closing Date, with respect to the facts, estimates and circumstances and reasonable expectations pertaining to Section 148 of the Code to support the conclusion that, among other things, none of the Subordinate Bonds will be an “arbitrage bond.”

(m) The Placement Agent shall have received a closing certificate from the Subordinate Trustee in a form acceptable to the Placement Agent.

(n) The Placement Agent shall have received evidence of the creation and perfection of the various security interests purported to be created by the Borrower Documents.

(o) The Placement Agent shall have received a compilation of financing statements (“UCC Search”) on file with the Secretary of State of Texas or other relevant jurisdictions indicating that the security interests created by the documents herein referenced will have priority, upon execution, satisfactory to the Placement Agent.

(p) The Initial Purchaser shall execute and deliver to the Issuer an Investor Letter in substantially the form attached to the Offering Document as Appendix F.

(q) The Placement Agent shall have received such additional legal opinions, certificates, proceedings, instruments and other documents as the Placement Agent or Bond Counsel may reasonably request.

(r) A certificate of good standing of the Borrower, the General Partner, and their organizational documents, each certified by the proper authorities of the State of Texas, as applicable, and dated within thirty days of the Closing Date.

(s) A copy of written actions of the manager of the General Partner and the Board of Governors of the Guarantor, certified by the secretary and approving of the Borrower's execution, delivery and performance of the Borrower Documents and the Guarantor's execution, delivery and performance of the Guaranty.

(t) A title insurance policy, or commitment therefor, in a form satisfactory to the Placement Agent and the Initial Purchaser.

(u) Evidence satisfactory to the Placement Agent that the Construction Loan (as defined in the Offering Document)], the Senior Bonds, and the Taxable Bridge Loan (as defined in the Offering Document), along with any other funding sources to be issued to finance the Project, have been issued and the loan associated with the Senior Note has been fully committed by the Initial Funding Lender, and that the Federal Home Loan Mortgage Corporation has issued its funding commitment letter with respect to the permanent phase of the Senior Note.

If any conditions to the obligations of the Placement Agent, the Initial Purchaser or Issuer contained in this Placement Agent Agreement are not satisfied and the satisfaction of such conditions shall not be waived by the Placement Agent, the Initial Purchaser, and the Issuer, then, at the option of the Placement Agent, the Initial Purchaser and the Issuer, (i) the Closing Date shall be postponed for such period, not to exceed seven (7) days, as may be necessary for such conditions to be satisfied or (ii) without limiting the generality of Section 11 of this Placement Agent Agreement, the obligations of the Placement Agent, the Initial Purchaser, and Issuer under this Placement Agent Agreement shall terminate, and neither the Placement Agent, the Initial Purchaser, nor the Issuer shall have any further obligations or liabilities under this Placement Agent Agreement.

All of the legal opinions, certificates, proceedings, instruments and other documents mentioned above or elsewhere in this Placement Agent Agreement shall be deemed to be in compliance with the provisions of this Placement Agent Agreement if, but only if, they are in form and substance reasonably satisfactory to the Placement Agent, the Borrower and the Issuer.

SECTION 11. Termination

The Placement Agent may terminate its obligations under this Placement Agent Agreement by written notice to the Issuer and the Borrower if, at any time subsequent to this date and on or prior to the Closing Date:

(A) legislation is enacted by, or favorably reported out of committee to, either House of the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, or a regulation or ruling shall be issued or proposed by or on behalf of the Treasury Department, the Internal Revenue Service, or any other agency of the Federal government having jurisdiction, or a release or communication (such as a press release) shall be issued by the Treasury Department, the Internal Revenue Service of the United States, or any other agency of the Federal government having jurisdiction, with respect to Federal taxation upon interest received on obligations of the character of the Subordinate Bonds, which, in the reasonable judgment of the Placement Agent, materially adversely affects the market for the Subordinate Bonds or the sale, at the contemplated offering prices, by the Placement Agent of such Subordinate Bonds; or

(B) a stop order, ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission is issued or made to the effect that the issuance,

offering, sale or distribution of obligations of the character of the Subordinate Bonds is in violation of any provisions of the Securities Act of 1933 or of the Trust Indenture Act of 1939; or

(C) the Congress of the United States of America shall enact a law, or a bill shall be favorably reported out of committee of either House, or a decision by a court of the United States of America shall be rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or any other agency of the Federal government having jurisdiction of the subject matter shall be made, to the effect that securities of the Issuer or of any similar public body are not exempt from the registration, qualification or other requirements of the Securities Act of 1933 or the Trust Indenture Act of 1939; or

(D) the United States of America has become engaged in hostilities (other than such as exist on the date of this Placement Agent Agreement) which have resulted in a declaration of war or a national emergency which, in the reasonable judgment of the Placement Agent, adversely affects the market for the Subordinate Bonds or the sale, at the contemplated offering prices, by the Placement Agent of the Subordinate Bonds; or

(E) there shall be in force a general suspension of trading on the New York Stock Exchange, the NYSE Amex Equities or any other major exchange, the effect of which on the financial markets of the United States is such, in the reasonable judgment of the Placement Agent, that would materially adversely affect the market price of, or market for, the Subordinate Bonds; or

(F) a general banking moratorium shall have been declared by federal, New York, or State authorities; or

(G) an event occurs which in the reasonable judgment of the Placement Agent (1) makes untrue or incorrect in any material respect, as of the time of such event, any statement or information contained in the Offering Document or which is not reflected in the Offering Document but should be reflected therein in order to make the statements and information contained therein not misleading in any material respect and/or (2) adversely affects the market for the Subordinate Bonds or the sale, at the contemplated offering prices, by the Placement Agent of the Subordinate Bonds; or

(H) economic, market or other conditions occur or exist or escalate which, in the reasonable judgment of the Placement Agent, render the Subordinate Bonds incapable of being sold on terms acceptable to the Placement Agent; or

(I) any suit, proceeding, litigation or other action shall be commenced, or, if commenced prior to the date hereof, shall be continuing or have been adjudicated, which, in any event, in the reasonable judgment of the Placement Agent, may affect the delivery of the Subordinate Bonds; or

(J) a default has occurred with respect to the obligations of, or proceedings have been instituted under the federal bankruptcy laws or any similar state laws by or against, any state of the United States or any city located in the United States having a population in excess of 500,000 persons or against any entity issuing obligations for or on behalf of such a city or state, which in the reasonable opinion of the Placement Agent adversely affects the market price or marketability of the Subordinate Bonds; or

(K) the sovereign debt rating of the United States is downgraded by any major credit rating agency or a payment default occurs on United States Treasury obligations, which in the

reasonable opinion of the Placement Agent adversely affects the market price or marketability of the Subordinate Bonds; or

(L) there shall exist any event or circumstance that either makes untrue any statement of a material fact in the Offering Document (other than any statement provided by the Placement Agent) or is not reflected in the Offering Document but should be reflected therein in order to make the statements therein, in light of the circumstances under which they were made, not misleading and, in either such event, the Issuer refuses to permit the Offering Document to be supplemented to supply such statement or information, or the effect of the Offering Document as so supplemented is, in the reasonable judgment of the Placement Agent, to materially adversely affect the market price or marketability of the Subordinate Bonds; or

(M) there shall have occurred any material adverse change in the affairs of the Issuer, financial or otherwise, except as otherwise disclosed in the Offering Document, that, in the Placement Agent's reasonable judgment, will materially adversely affect the market for the Subordinate Bonds or the ability of the Placement Agent to enforce contracts for the sale of the Subordinate Bonds; or

(N) a material disruption in commercial banking, securities settlement, payment, or clearance services affecting any municipal securities shall have occurred that would make it impracticable for the Placement Agent to market the Subordinate Bonds on the terms and in the manner contemplated by the Offering Document.

SECTION 12. Expenses

The Placement Agent shall be under no obligation to pay, and the Borrower hereby agrees to pay, any expenses incident to the performance of the Issuer's and the Borrower's obligations hereunder, including, but not limited to, (a) the costs of printing and preparation for printing or other reproduction for distribution and use in connection with the placement of the Subordinate Bonds such number of copies as may be requested by the Placement Agent of the Offering Document, the Subordinate Indenture, the Bond Resolution and the blue sky survey, as well as any delivery costs incurred in connection with the distribution of the foregoing documents; (b) the cost of preparing the definitive Bonds; (c) the fees and disbursements of Bond Counsel in connection with the authorization and issuance of the Subordinate Bonds; the fees and expenses of Issuer's counsel; the fees and expenses of the Subordinate Trustee and its counsel; any application or administrative fee of the Issuer; and the fees and disbursements of the Issuer's program manager, financial advisor, and any other experts or consultants retained by the Issuer; (d) the Placement Agent Fee as set forth in Section 1; (e) the fees and expenses of counsel to the Placement Agent; (f) the expenses relating to the meals, transportation, lodging, and entertainment incidental to implementing this Placement Agent Agreement; (g) all DTC fees, expenses and charges; and (h) all other expenses in connection with the placement of the Subordinate Bonds and transaction described in this Placement Agent Agreement. The Issuer shall have no obligation to pay any fees, expenses or costs associated with or resulting from the issuance and delivery of the Subordinate Bonds. The Borrower shall pay for any expenses incurred on behalf of the Issuer Indemnified Parties which are incidental to implementing this Placement Agent Agreement.

If the Subordinate Bonds are not issued and delivered by the Issuer to the Placement Agent for direct placement with the Initial Purchaser, as a result of the failure by the Borrower to perform any of its obligations under this Placement Agent Agreement (other than a failure of the Placement Agent to comply with its obligation set forth in Section 1 hereof, if such obligation is not otherwise excused or terminated as provided herein) or as a result of the Borrower failing to reach agreement with the Initial Purchaser as to the terms and conditions of the transactions and documents contemplated hereby, the

Borrower agrees that it shall pay all expenses set forth in this Section 12. In no event will the Issuer be obligated to pay any fees, costs or expenses relating to the issuance, sale and delivery of the Subordinate Bonds.

SECTION 13. Notices

All communications under this Placement Agent Agreement shall be in writing and, except as otherwise provided, shall be delivered at, or mailed by certified or registered mail, return receipt requested, or telegraphed with such telegraph to be confirmed in writing, mailed in accordance with the preceding provisions, to the following addresses:

- (a) if to the Placement Agent: Colliers Securities LLC
90 South Seventh Street, Suite 4300
Minneapolis, Minnesota 55402
Attention: Frank J. Hogan, Senior Vice President
- with a copy to: Ballard Spahr LLP
80 South 8th Street, Suite 2000
Minneapolis, Minnesota 55402
Attention: Benjamin W. Johnson, Esq.
- (b) if to the Borrower: Manor Leased Housing Associates I, LP
c/o Dominion Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Neal Route, Vice President and Project
Partner
David D'Amelio, Senior Development Associate
Mark S. Moorhouse, Senior Executive
- with a copies to: Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: [_____]
- (c) if to the Issuer: Manor Housing Public Facility Corporation
105 E Eggleston Street
Manor, Texas 78653
Attention: Scott Moore
- with a copy to its counsel: Bickerstaff Heath Delgado Acosta LLP
Two Barton Skyway
1601 S. MoPac Expressway
Suite C400
Austin, Texas 78746
Attention: Gregory Miller, Esq.

- (d) if to the Initial Purchaser: [INITIAL PURCHASER]
 c/o Winthrop & Weinstine, P.A.
 225 South Sixth Street, Suite 3500
 Minneapolis, Minnesota 55402
 Attention: John Nolde, Esq.

SECTION 14. Parties in Interest

This Placement Agent Agreement is made solely for the benefit of the Issuer, the Issuer Indemnified Parties, the Borrower and the Placement Agent (including any successor or assignees of the Placement Agent), and, except as provided in Section 5 hereof, no other party or person shall acquire or have any right hereunder or by virtue hereof.

SECTION 15. Amendments

This Placement Agent Agreement may not be amended without the written consent of the Issuer, the Borrower and the Placement Agent.

SECTION 16. Survival of Representations and Warranties

The representations and warranties of the Borrower and the representations of the Issuer shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of any investigations made by or on behalf of the Placement Agent (or statements as to the results of such investigations) concerning such representations and statements of the Issuer and the Borrower and regardless of delivery of and payment for the Subordinate Bonds.

SECTION 17. Execution in Counterparts

This Placement Agent Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 18. No Prior Agreements

This Placement Agent Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of Subordinate Bonds for the Issuer.

SECTION 19. Effective Date

This Placement Agent Agreement shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by the Issuer and the Borrower and shall be valid and enforceable as of the time of such acceptance.

SECTION 20. Governing Law and Venue

This Placement Agent Agreement shall be governed by and construed in accordance with the laws and judicial decisions of the State, without reference to any choice of law principles except as such laws may be preempted by any federal rules, regulations and laws applicable to the Issuer. The parties hereto expressly acknowledge and agree that any judicial action to interpret or enforce the terms of this Placement Agent Agreement against the Issuer shall be brought and maintained in the Circuit Court of the State of Texas, in and for the Travis County, Texas, the United States District Court in and for the

Western District of Texas, or any United States Bankruptcy Court in any case involving or having jurisdiction over the Borrower or the Project.

SECTION 21. Acknowledgements, Agreements and Covenants of the Issuer, the Borrower and the Initial Purchaser

(a) The Issuer and the Borrower each acknowledge and agree that (i) the primary role of the Placement Agent is, on a best efforts basis, to arrange for the placement with the Initial Purchaser of all, but not less than all, of the total principal amount of the Subordinate Bonds, and that the Placement Agent has financial and other interests that differ from those of the Issuer, the Borrower and the Initial Purchaser; (ii) the placement, purchase and sale of the Subordinate Bonds pursuant to this Placement Agent Agreement is an arm's-length commercial transaction among the Issuer, the Borrower, the Initial Purchaser and the Placement Agent; (iii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Placement Agent is and has been acting solely as a principal and is not acting as the agent, advisor, or fiduciary of the Issuer, the Borrower, the Initial Purchaser, or any other party; (iv) the Placement Agent has not assumed individually or collectively an advisory or fiduciary responsibility in favor of the Issuer, the Borrower, the Initial Purchaser, or any other party, with respect to the transaction contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Placement Agent has advised or provided other services or is currently advising or providing other services to the Issuer, the Borrower, or the Initial Purchaser on other matters) and the Placement Agent has no obligation to the Issuer, the Borrower, or the Initial Purchaser with respect to the transaction contemplated hereby except the obligations expressly set forth in this Placement Agent Agreement; (v) the Placement Agent has no obligation to conduct any independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of the Borrower or any other party or any of their respective affiliates or to advise or opine on any related solvency or viability issues, and the Placement Agent's role in any due diligence is limited solely to performing such review as it shall deem necessary to support its own services and comply with its statutory obligations, and such review shall be for its own purposes and not on behalf of the Issuer, the Borrower, or the Initial Purchaser; and (vi) each of the Issuer, the Borrower and the Initial Purchaser has consulted its own respective legal, accounting, tax, financial, disclosure and others and counsel, as applicable, to the extent each has deemed appropriate. If the Issuer, the Borrower, or the Initial Purchaser would like a municipal advisor in this transaction that has legal fiduciary duties to the Issuer, the Borrower, or the Initial Purchaser, then such party is free to engage a municipal advisor to serve in that capacity. Neither this Placement Agent Agreement nor any other agreement shall give rise to any expressed or implied commitment by the Placement Agent to purchase or place any of the Subordinate Bonds. Further, the Issuer, the Borrower and the Initial Purchaser expressly release the Placement Agent from any obligation to market the Subordinate Bonds to any potential investor other than the Initial Purchaser. The Issuer has engaged Hilltop Securities, Inc. as its registered municipal advisor in connection with the issuance of the Subordinate Bonds.

(b) The Borrower, the Issuer and the Initial Purchaser each expressly releases the Placement Agent of any due diligence and disclosure obligations relating to the sale of the Subordinate Bonds and acknowledges that the Placement Agent has not performed any due diligence with respect to the Issuer, the Borrower, or the Subordinate Bonds on which the Initial Purchaser may rely or has relied. Further, the Issuer, the Borrower and the Initial Purchaser further acknowledges and agrees that the Borrower has prepared and is solely responsible for the completeness, truth and accuracy of the Offering Document and that the Placement Agent does not assume any responsibility therefor. Accordingly, the Initial Purchaser acknowledges that in its purchase of the Subordinate Bonds, it has not relied upon any information furnished by the Placement Agent and further acknowledges that the Offering Document is not guaranteed as to its accuracy or completeness, and is not to be construed as a representation, by the

Placement Agent. The Borrower has provided additional information and materials, as requested, to the Initial Purchaser of the Subordinate Bonds.

(c) The Issuer shall promptly advise the Placement Agent and the Borrower, by written notice, if the Executive Director of the Issuer, after the date of this Placement Agent Agreement and prior to the Closing Date, has actual knowledge that any of the representations of the Issuer set forth herein, if made at the time of such notice, would be untrue or misleading.

(d) The Borrower shall not amend, terminate, or rescind, and will not agree to any amendment, termination, or rescission of any Borrower Document prior to the Closing Date without the prior written consent of the Issuer and the Placement Agent or the Initial Purchaser.

(e) The Borrower shall promptly advise the Placement Agent and the Issuer, by written notice, of any matter arising or discovered after the date of this Placement Agent Agreement and prior to the Closing Date that if existing or known at the date hereof would render any of the representations or warranties set forth herein to be untrue or misleading or is reasonably likely to adversely affect the correctness or completeness of any statement of material fact regarding the Borrower contained in the Offering Document.

(f) Prior to the Closing Date and other than as set forth in the Borrower Documents or the Subordinate Indenture, the Borrower shall not create, assume, or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds, or interests that will be pledged pursuant to the Subordinate Indenture as part of the Trust Estate.

(g) The Borrower shall not deliberately undertake any course of action inconsistent with satisfaction of the requirements applicable to the Borrower as set forth in this Placement Agent Agreement.

(h) The Borrower agrees that it will not willfully take or omit to take any action within its reasonable control that would prevent the Subordinate Bonds from being issued and delivered to the Initial Purchaser on the Closing Date as provided in this Placement Agent Agreement or the Investor Letter. In order to coordinate most effectively the Placement Agent's efforts to place the Subordinate Bonds, the Borrower and its management will promptly inform the Placement Agent of any substantive discussions they may have or of any inquiry they may receive concerning the purchase or placement of the Subordinate Bonds.

SECTION 22. Establishment of Issue Price for the Subordinate Bonds

(a) The Placement Agent, the Borrower and the Initial Purchaser agree to assist the Issuer in establishing the issue price of the Subordinate Bonds and the Placement Agent shall execute and deliver to the Issuer on the Closing Date a certificate form substantially in the form attached as Exhibit D to this Placement Agent Agreement with the supporting pricing wires or equivalent communications as may be appropriate or necessary to accurately reflect the initial price and interest rate for which the single maturity of the Subordinate Bonds were placed with the Initial Purchaser.

(b) The Placement Agent and the Initial Purchaser confirm that at least 10% of the single maturity of the Subordinate Bonds was placed with the Initial Purchaser at a single price (the "10% test"). Schedule I attached to this Placement Agent Agreement sets forth the first price at which the Initial Purchaser purchased 10% of the single maturity of the Subordinate Bonds.

(c) The Placement Agent confirms that the Placement Agent has placed the Subordinate Bonds with the Initial Purchaser on the date of this Placement Agent Agreement (the "Sale Date") at the

price (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule I attached hereto which were calculated by the Placement Agent at the direction of Bond Counsel, the Borrower and the Initial Purchaser.

(d) The Placement Agent confirms that it does not have any selling group agreement and any third-party distribution agreement relating to the initial placement of the Subordinate Bonds with the Initial Purchaser.

(e) The Placement Agent acknowledges that direct placement of any Bonds to any person that is a related party to the Placement Agent shall not constitute sales to the public for purposes of this Section. The Initial Purchaser is not a related party of the Placement Agent. Further, for purposes of this Section:

(i) “public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than Colliers or a related party to Colliers. The term “related party” for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.,

(ii) “Colliers” means (i) Colliers Securities LLC, (ii) any person that agrees pursuant to a written contract with the Issuer to act as placement agent in connection with the initial sale of the Subordinate Bonds to the Initial Purchaser which Colliers reasonably believes to meet the definition of Public, and (iii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (ii) of this paragraph to participate in the initial placement of the Subordinate Bonds to the Initial Purchaser.), and

(iii) a purchaser of any of the Subordinate Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 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 interests or profit interests 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).

(iv) “sale date” means the date of execution of this Placement Agent Agreement by all parties.

SECTION 23. Electronic Signatures

The parties agree that the electronic signature of a party to this Placement Agent Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Placement Agent Agreement. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means or a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party) in English and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message, then such signature is a valid and binding signature of the authorized representative of such party.

If the foregoing is in accordance with your understanding of the Placement Agent Agreement, please sign and return to us the enclosed duplicate copies hereof, whereupon it will become a binding agreement among the Issuer, the Borrower and the Placement Agent in accordance with its terms.

COLLIERS SECURITIES LLC, as Placement Agent

By: _____
Name: Frank J. Hogan
Title: Senior Vice President

(Signature page to Placement Agent Agreement – Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

MANOR HOUSING PUBLIC FACILITY CORPORATION, as Issuer

By: _____
Name: _____
Title: _____

(Signature page to Placement Agent Agreement – Manor Housing Public Facility Corporation Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

MANOR LEASED HOUSING ASSOCIATES I, LP, a Texas limited partnership, as Borrower

By: Manor Leased Housing Associates GP I, LLC, a Texas limited liability company

Its: General Partner

By: _____
Name: _____
Title: _____

(Signature page to Placement Agent Agreement – Manor Housing Public Facility Corporation Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

[INITIAL PURCHASER], as Initial Purchaser

By: _____
Name: _____
Title: Authorized Representative

(Signature page to Placement Agent Agreement – Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

SCHEDULE I

AMOUNT, MATURITY, INTEREST RATE AND PRICE

\$4,000,000

**Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024**

\$4,000,000 Term Subordinate Bond due May 1, 2064

7.00% Current Interest Rate

7.00% Accrual Interest Rate

Price of 100%

Dated Date: October [___], 2024

Redemption of Subordinate Bonds

(a) Optional Redemption. The Subordinate Bonds will be subject to redemption, in whole or part, at the option of the Borrower, at par plus accrued interest to the redemption date, and premium, if any, on the dates set forth below:

Redemption Date	Premium
Date of Issuance through April 30, 2025	Non-Callable
May 1, 2025 through April 30, 2026	6.00%
May 1, 2026 through April 30, 2027	5.00
May 1, 2027 through April 30, 2028	4.00
May 1, 2028 through April 30, 2029	3.00
May 1, 2029 through April 30, 2030	2.00
May 1, 2030 through April 30, 2031	1.00
May 1, 2031 and thereafter	0.00

(b) Mandatory Sinking Fund Redemption. The Subordinate Bonds maturing May 1, 2064 are subject to mandatory redemption by lot in the principal increments of \$1, at par and accrued interest without premium, on the dates and in the principal amounts set forth below:

Subordinate Bonds Maturing May 1, 2064

Sinking Fund Redemption	
Payment Date (May 1)	Principal Amount
May 1, 2055	\$ 290,000
May 1, 2056	310,000
May 1, 2057	330,000
May 1, 2058	355,000
May 1, 2059	380,000
May 1, 2060	405,000
May 1, 2061	435,000
May 1, 2062	465,000
May 1, 2063	500,000
May 1, 2064*	530,000

⁽¹⁾ Stated Maturity

At the option of the Borrower exercised not less than thirty-five (35) days prior to any Sinking Fund Redemption Date, the Borrower may (i) deliver to the Subordinate Trustee for cancellation Bonds in any aggregate principal amount desired, or (ii) receive a credit in respect of such sinking fund obligation for any Bonds which prior to such date have been purchased or redeemed (other than through the operation of the sinking fund) and not otherwise previously applied as a credit against sinking fund payments.

Other Redemption Provisions

The Subordinate Bonds may be subject to other mandatory redemption provisions as set forth in the Subordinate Indenture.

(The remainder of this page is intentionally left blank.)

EXHIBIT A
FORM OF CERTIFICATE OF ISSUER
[TO BE PROVIDED BY BOND COUNSEL]

EXHIBIT B
SUPPLEMENTAL OPINION OF BOND COUNSEL

[TO BE PROVIDED BY BOND COUNSEL]

EXHIBIT C
BORROWER'S COUNSEL OPINION

[TO BE PROVIDED BY BORROWER'S COUNSEL]

EXHIBIT D
FORM OF ISSUE PRICE CERTIFICATE FOR THE PLACEMENT AGENT

[TO BE PROVIDED BY BOND COUNSEL]

DMFIRM #413871185 v3



**PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM**

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to engage Chapman & Cutler LP as Co-Partnership Counsel for the Tower Road Apartments project.

BACKGROUND/SUMMARY:

This item is to engage Chapman & Cutler LP as co-partnership counsel for the Tower Road bond transactions.

The PFC has two primary roles in the Tower Road Apartment project: 1) issuer of bonds, and 2) general partner to the transaction which includes serving as landlord, making loans to the partnership of which it is a part of through its LLC, and serving as general contractor.

During the negotiation of the financing of the project, the financing structure was revised from the original concept to include a subordinate bond structure. This is a structure, that has been used successfully elsewhere and has been approved by tax counsel. This structure will be used in at least one other Texas transaction that will close after the Tower Road transaction.

The introduction of the subordinate bond structure has increased the level of complexity to the transaction. For that reason, it is advantageous to bring in additional support in drafting and finalizing the essential transaction documents, including those that are currently under negotiation.

Chapman & Cutler serves as the MHPFC’s tax and disclosure counsel for the Tower Road Apartments transaction and is qualified to serve as co-general partnership counsel for the bond financing. The fees for Chapman’s services are paid from the bond proceeds. Neither the City nor the PFC are obligated to pay for Chapman’s fees for services, which are paid from the proceeds of the underlying transactions.

- LEGAL REVIEW:** Yes, Gregory Miller Bond Counsel
- FISCAL IMPACT:** Not Applicable
- PRESENTATION:** Yes
- ATTACHMENTS:** Yes

- Form of Agreement between MHPFC and Chapman & Cutler

PROPOSED MOTION: Move to authorize the General Manager to negotiate and execute an agreement in substantially the same form as what has been provided to the Board for this matter with Chapman and Cutler LP to serve as co-general partnership counsel to the MHPFC for the Tower Roads Apartments project.

STAFF RECOMMENDATION: Staff recommends approval

AGENDA ITEM NO.



PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action on a Resolution of the Manor Housing Public Facility Corporation styled as “Resolution of the Ground Lessor and the Sole Member of MHPFC TRGP1 LLC and Tower Road Contractor” which will be approved in the PFC’s capacity as ground lessor, the sole member of MHPFC TRGP1 LLC, as incoming general partner of Manor Leased Housing Associates I, Limited Partnership, and sole member of Tower Road Contractor LLC, general contractor for the Tower Road Apartments, to facilitate and accomplish the construction, development, financing, operation, and maintenance of the Tower Road Apartments (the “Project”), authorizing the acceptance of real property, the ground leasing of the same property, obtaining financing , including with an equity financing, senior and subordinate bond financing, construction and permanent loan financing, bridge loan financing, the approval of construction contracts, the execution of a partnership resolution, providing for general partner authorization, ground lessor authorization, and general contractor authorization to undertake actions in furtherance of the Project and ratification of any prior related actions taken in furtherance of the Project.

BACKGROUND/SUMMARY:

The PFC is serving primarily two functions in the development of the Tower Roads Apartments project (the “Project”), which will provide 324 units of affordable housing for low-income residents of the City: (i) issuer of bonds for the financing, and (ii) PFC lender, landlord and contractor (together, the “Partnership Roles”). The PFC will accomplish this second set of functions in its role as the PFC and through its limited liability companies, MHPFC TRGP1 LLC and Tower Road Contractor LLC. (The Certificate of Formation for the contractor entity has been filed with the Secretary of State and it is expected that the filing will be effective as of the date of this meeting or within seven days hereafter). This resolution primarily relates to the PFC’s Partnership Roles.

More specifically, this resolution approves the form and substance of documents and agreements pertaining to the PFC’s Partnership Roles and authorizes the PFC in its different Partnership Roles to enter into a ground lease, financing agreements, and construction contracts, and to take action, and ratify prior action, for the construction, development, financing, maintenance, and operation of the Project. The resolution also, in furtherance of the Project, authorizes MHPFC TRGP1 to enter into the partnership that will be developing the project (“Manor Leased Housing Associates I, LLP” or the “Partnership”) as general partner. The resolution also authorizes Tower Road Contractor LLC to serve as the general contractor for the Project. And, the resolution authorizes MHPFC TRGP1, as general partner to the Partnership, to authorize the Partnership to participate in the development of the Project. This last authorization is made through the approval of a yet-to-be-approved resolution of the Partnership that is attached to the resolution.

It should be noted that because the PFC is serving as landlord and contractor, the project is exempt from ad valorem tax and sales tax for the construction of the project under Chapter 303 of the Texas Local Government Code. This authorizes the MHPFC to establish this beneficial tax treatment and to execute documents and render opinions, as necessary, to effectuate the establishment of the beneficial tax treatment.

LEGAL REVIEW: Yes, Gregory Miller, Bond Counsel
FISCAL IMPACT: No. The PFC will generate revenue from the transaction.
PRESENTATION: Yes
ATTACHMENTS: Yes

- Resolution 2024-MHPFC06

PROPOSED MOTION: Move to approve Resolution No. 2024-MHPFC06 of the Ground Lessor and the Sole Member of MHPFC TRGP1 LLC and Tower Road Contractor, as has been provided to the Board as part of the agenda materials as presented.

STAFF RECOMMENDATION: Staff recommends approval

MANOR HOUSING PUBLIC FACILITY CORPORATION

The undersigned officer of Manor Housing Public Facility Corporation (“MHPFC”), in MHPFC’s capacity as ground lessor (the “Ground Lessor”), sole member of MHPFC TRGP1 LLC (the “General Partner”), and sole member of Tower Road Contractor LLC (the “General Contractor”), hereby certifies that he is the duly elected qualified and acting President of MHPFC, and hereby certifies that true, correct and complete copies of certain resolutions adopted by the Board of Directors of MHPFC at its October 16, 2024 meeting are attached hereto (the “Resolutions”). The Resolutions have not been amended or revoked and are now in full force and effect.

Dated: October 16, 2024

By _____
Dr. Christopher Harvey
President

MANOR HOUSING PUBLIC FACILITY CORPORATION

RESOLUTION OF THE GROUND LESSOR AND THE SOLE MEMBER OF
MHPFC TRGP1 LLC AND TOWER ROAD CONTRACTOR LLC

October 16, 2024

MANOR HOUSING PUBLIC FACILITY CORPORATION, a nonprofit public facility corporation duly organized and validly existing under the laws of the State of Texas (“MHPFC”), in its capacity as ground lessor and as the sole member of (i) MHPFC TRGP1 LLC (the “General Partner”), the incoming general partner of MANOR LEASED HOUSING ASSOCIATES I, LIMITED PARTNERSHIP, a Texas limited partnership (the “Partnership”); and (ii) TOWER ROAD CONTRACTOR LLC (the “General Contractor”), hereby adopts the following resolutions:

1. LEASE OF REAL PROPERTY

WHEREAS, upon its admission to the Partnership, the General Partner will be the sole general partner of the Partnership; and

WHEREAS, MHPFC is the sole member of the General Partner; and

WHEREAS, Dr. Christopher Harvey, an individual, is the President of MHPFC (the “President”), and Scott Moore, an individual, is the General Manager of MHPFC (the “General Manager”); and

WHEREAS, MHPFC, in its capacity as ground lessor (the “Ground Lessor”), will acquire certain real property located in the City of Manor, Travis County, Texas (the “Real Property”) on which a multifamily project is to be constructed, developed and operated, to be known as “Tower Road Apartments” (the “Apartment Complex”); and

WHEREAS, the Ground Lessor will enter into a Ground Lease (the “Ground Lease”) with the Partnership pursuant to which the Ground Lessor will lease the Real Property to the Partnership for a 99-year term; and

WHEREAS, in connection with the lease of the Real Property from the Ground Lessor, the Partnership and/or the General Partner and/or MHPFC will be required to enter into various documents to evidence such leasehold interest, including but not limited to the Ground Lease and a Memorandum of Ground Lease (collectively, the “Ground Lease Documents”);

RESOLVED, that the prior actions of the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on its own behalf and on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, with respect to the lease of the Real Property by MHPFC to the Partnership and by the Partnership from MHPFC, including but not limited to the execution of the Ground Lease on behalf of MHPFC and on behalf of the Partnership, are hereby ratified and approved; and

RESOLVED, that (a) MHPFC is authorized to lease the Real Property to the Partnership and is authorized to execute and deliver the Ground Lease Documents and the Partnership is authorized to lease the Real Property from MHPFC and to execute and deliver the Ground Lease Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Ground Lease Documents and to do all things necessary or desirable to facilitate the lease of the Real Property and the construction, development and operation of the Apartment Complex thereon; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Ground Lease Documents and to do all things necessary or desirable to facilitate the lease of the Real Property and the construction and operation of the Apartment Complex thereon; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on its own behalf and on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Ground Lease Documents on behalf of MHPFC and on behalf of the Partnership, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to facilitate the lease of the Real Property and the construction, development and operation of the Apartment Complex thereon.

2. EQUITY FINANCING

WHEREAS, pursuant to a letter of intent, RBC Community Investments, LLC, an Illinois limited liability company, its successors and assigns (the "*Equity Provider*") has agreed to provide equity financing of approximately \$36,151,958 to the Partnership for the construction of the Apartment Complex (the "*Equity Financing*"); and

WHEREAS, in connection with the Equity Financing, the General Partner will enter into an Amended and Restated Agreement of Limited Partnership for the Partnership (the "*Partnership Agreement*") with the Equity Provider, RBC Community Investments Manager II, Inc., as special limited partner, and Manor Leased Housing Associates LP I, LLC, a Minnesota limited liability company, as class B limited partner; and

WHEREAS, the Partnership Agreement calls for the Partnership and/or the General Partner and/or MHPFC to enter into certain documents associated with the Equity Financing, including but not limited to a Development Agreement, an Incentive Management Fee Agreement, a Purchase Option Agreement (collectively, with the Partnership Agreement and such other documents and certificates in connection with the purposes set forth in this Resolution, the "*Equity Documents*");

RESOLVED, that (a) the Partnership is authorized to obtain the Equity Financing from the Equity Provider or its affiliates and to execute and deliver the Equity Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Equity Documents and do all things necessary and desirable to facilitate the Equity Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Equity Documents and do all things necessary to facilitate the Equity Financing; and (d) the President and the General

Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Equity Documents, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Equity Financing and perform the Partnership's and/or the General Partner's obligations thereunder.

3. SENIOR BOND FINANCING

WHEREAS, MHPFC, in its capacity as issuer (the "*Issuer*"), has agreed to issue its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the "*Senior Bonds*") in an aggregate principal amount of up to \$60,819,515; and

WHEREAS, the proceeds from the sale of the Senior Bonds will be loaned by the Issuer to the Partnership to finance a portion of the development of the Apartment Complex (the "*Senior Bond Financing*") pursuant to a Loan Agreement between the Issuer and the Partnership (the "*Senior Loan Agreement*"); and

WHEREAS, in connection with the Senior Loan Agreement and the Senior Bond Financing, the Partnership will execute a Note (the "*Senior Bond Note*") payable to BOKF, NA, as trustee with respect to the Senior Bonds; and

WHEREAS, in connection with the Senior Bond Financing and the execution of the Senior Loan Agreement, the Partnership and/or the General Partner shall enter into any and all documents, including but not limited to, a Regulatory Agreement and Declaration of Restrictive Covenants, a Tax Exemption Certificate and Agreement, a Continuing Disclosure Agreement and such other types of agreements, certificates or documents necessary for the Issuer to issue the Senior Bonds and for the Partnership to consummate the Senior Bond Financing (collectively, with the Senior Bonds, the Senior Loan Agreement and the Senior Bond Note, the "*Senior Bond Financing Documents*");

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Senior Bond from the Issuer and to execute and deliver the Senior Bond Financing Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Senior Bond Financing Documents and do all things necessary to facilitate the Senior Bond Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Senior Bond Financing Documents and do all things necessary to facilitate the Senior Bond Financing; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Senior Bond Financing Documents, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Senior Bond Financing and the Partnership's and/or the General Partner's obligations thereunder.

4. SUBORDINATE BOND FINANCING

WHEREAS, MHPFC, in its capacity as issuer (the “*Issuer*”), has agreed to issue its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Subordinate Bonds*”) in an aggregate principal amount of up to \$4,000,000 (the “*Subordinate Bonds*”); and

WHEREAS, the proceeds from the sale of the Subordinate Bonds will be loaned by the Issuer to the Partnership to finance a portion of the development of the Apartment Complex (the “*Subordinate Bond Financing*”) pursuant to a Subordinate Loan Agreement between the Issuer and the Partnership (the “*Subordinate Loan Agreement*”); and

WHEREAS, in connection with the Subordinate Loan Agreement and the Subordinate Bond Financing, the Partnership will execute a Note (the “*Subordinate Bond Note*”) payable to BOKF, NA, as trustee with respect to the Subordinate Bonds; and

WHEREAS, in connection with the Subordinate Bond Financing and the execution of the Subordinate Loan Agreement, the Partnership and/or the General Partner shall enter into any and all documents, including but not limited to, a subordinate leasehold deed of trust, a Regulatory Agreement and Declaration of Restrictive Covenants, a Tax Exemption Certificate and Agreement, a Continuing Disclosure Agreement, a Placement Agent Agreement, a Deemed Final Certificate, one or more subordination agreement and such other types of agreements, certificates or documents necessary for the Issuer to issue the Subordinate Bonds and for the Partnership to consummate the Subordinate Bond Financing (collectively, with the Subordinate Bonds, the Subordinate Loan Agreement and the Subordinate Bond Note, the “*Subordinate Bond Financing Documents*”);

NOW THEREFORE BE IT RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Subordinate Bond from the Issuer and to execute and deliver the Subordinate Bond Financing Documents and hereby approves of the Subordinate Bonds, the Subordinate Bond Financings Documents and the Limited Offering Memorandum prepared and distributed in connection with the Subordinate Bonds (the “*Subordinate Limited Offering Memorandum*”); (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Subordinate Bond Financing Documents and do all things necessary to facilitate the Subordinate Bond Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf and/or on behalf of the Partnership, is hereby authorized to execute and deliver the Subordinate Bond Financing Documents and do all things necessary to facilitate the Subordinate Bond Financing; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Subordinate Bond Financing Documents, with such changes as the President (or any officer of MHPFC) in such officer’s discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Subordinate Bond Financing and the Partnership’s and/or the General Partner’s obligations thereunder.

RESOLVED FURTHER, that the Partnership hereby authorizes the President and the General Manager (or any officer MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, to (A) find, determine, and declare on behalf of the Partnership that the information contained in the Subordinate Limited Offering Memorandum: (i) is true, complete, and correct to the knowledge of such members of the Partnership; and (ii) does not contain an untrue statement of a material fact and does not omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they are made, not misleading, and (B) approve the use of the Subordinate Limited Offering Memorandum by the Placement Agent in the placement of the Subordinate Bonds for sale.

5. CONSTRUCTION LOAN AND PERMANENT LOAN FINANCING

WHEREAS, Associated Bank, National Association, a national banking association, as administrative agent for the benefit of itself and the ratable benefit of all “Construction Lenders” now or hereafter parties to the Construction Loan Agreement described below (“Agent”), Associated Bank, National Association (in its capacity as a bank, “Associated Bank”), Great Southern Bank, a Missouri state chartered trust company (“Great Southern Bank”) and certain other financial institutions which may hereafter become parties thereto (Associated Bank, Great Southern Bank and such other financial institutions with their respective successors and assigns are individually, a “Construction Lender” and collectively, the “Construction Lenders”), Construction Lenders have agreed to issue a loan to the Partnership in the aggregate principal amount of approximately \$60,815,000 (the “Construction Loan”) to finance a portion of the development of the Apartment Complex (the “Construction Loan Financing”) pursuant to a Syndicated Construction Loan Agreement (the “Construction Loan Agreement”) among the Agent, the Construction Lenders and the Partnership; and

WHEREAS, in connection with the Construction Loan Agreement, the Partnership will execute one or more promissory notes with each Construction Lender (collectively, the “Construction Notes”) payable to the applicable Construction Lender; and

WHEREAS, to secure the Partnership’s obligations under the Construction Notes, the Partnership shall execute for the benefit of the Agent, certain other documents in addition to the Construction Loan Agreement, including but not limited to a Construction Leasehold Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, an Assignment of Leases and Rents, an Environmental Indemnity Agreement, a Disbursing Agreement, a Collateral Assignment and Subordination of Property Management Agreement, an Assignment of Agreements Affecting Real Estate, a Consent and Joinder by Fee Owner and such other types of agreements, certificates or documents necessary for the Partnership to consummate the Construction Loan Financing (collectively with the Construction Notes and the Construction Loan Agreement, the “Construction Loan Documents”); and

WHEREAS, the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise (“Freddie Mac”) has agreed to purchase and/or refinance the Construction Loan pursuant to a forward commitment and a Construction Phase Financing Agreement (the “Construction Phase Financing Agreement”) between JLL Real Estate Capital, LLC and Freddie Mac; and

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Construction Notes from the Construction Lenders and to execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement and do all things necessary to facilitate the Construction Loan Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement and do all things necessary to facilitate the Construction Loan Financing; and (c) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Construction Loan Financing and fulfill the Partnership's and/or the General Partner's obligations thereunder and under the Construction Phase Financing Agreement.

6. BRIDGE LOAN FINANCING

WHEREAS, Bremer Bank, National Association (the "*Bridge Lender*"), has agreed to make a bridge loan in the amount of approximately \$[37,319,410] (the "*Bridge Loan*") to the Partnership in order to finance a portion of the development of the Apartment Complex; and

WHEREAS, in connection with the Bridge Loan, the Partnership will execute a promissory note (the "*Bridge Note*") payable to the Bridge Lender; and

WHEREAS, to secure the Partnership's obligations under the Bridge Note, the Partnership and/or the General Partner will execute, for the benefit of the Bridge Lender, a Bridge Loan Agreement, a Pledge and Security Agreement (Borrower), a Developer Fee Subordination Agreement, a Guarantor's Affidavit and such other types of agreements, certificates or documents necessary for the Partnership to consummate the Bridge Loan (collectively with the Bridge Note, the "*Bridge Loan Documents*");

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Bridge Note from the Bridge Lender and to execute and deliver the Bridge Loan Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Bridge Loan Documents and do all things necessary to facilitate the Bridge Loan to the Partnership; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Bridge Loan Documents and do all things necessary to facilitate the Bridge Loan to the Partnership; and (c) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Bridge Loan Documents, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things

necessary or desirable to cause the Partnership to obtain the Bridge Loan and fulfill the Partnership's and/or the General Partner's obligations thereunder.

7. CONSTRUCTION CONTRACTS

WHEREAS, in connection with the construction and development of the Apartment Complex, the Tower Road Contractor LLC, a wholly owned subsidiary of MHPFC, will serve as general contractor (in such capacity, the "*General Contractor*"); and

WHEREAS, the General Contractor, will enter into an AIA Document A102-2017 Standard Form of Agreement Between Owner and Contractor with the Partnership (the "*Construction Contract*") and a master subcontract with WD Construction, LLC, a Minnesota limited liability company, (the "*Master Subcontract*" and together with the Construction Contract, the "*Construction Documents*");

RESOLVED, that (a) the General Contractor, acting on its own behalf, is authorized to execute and deliver the Construction Documents and (b) the President and General Manager (or any officer of MHPFC), acting on behalf of the General Contractor, is hereby authorized to (i) execute and deliver the Construction Documents, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the General Contractor to perform the General Contractor's obligations thereunder.

8. EXECUTION OF PARTNERSHIP RESOLUTION

RESOLVED, that upon the General Partner's admission to the Partnership, it is hereby authorized to execute and deliver a Partnership Resolution (the "*Partnership Resolution*"), the form of which is attached hereto as *Exhibit A*, in order to authorize the Partnership's participation in the transactions described herein and in the Partnership Resolution; and

FURTHER RESOLVED, that the President (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized, without any further action or consent from MHPFC, to execute and deliver the Partnership Resolution.

9. GENERAL PARTNER AUTHORIZATION/RATIFICATION.

RESOLVED, that the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is individually authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments, resolutions and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of MHPFC, the General Partner, and the Partnership as such person shall deem to be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions; and

FURTHER RESOLVED, that any and all action taken by the President (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, prior to the date this consent is actually executed in effecting the purposes of the foregoing resolutions is hereby approved, ratified, and adopted in all respects.

10. GROUND LESSOR AUTHORIZATION/RATIFICATION.

RESOLVED, that the President and the General Manager (or any officer of MHPFC), acting on behalf of the Ground Lessor, is individually authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments, resolutions and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of the Ground Lessor as such person shall deem to be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions; and

FURTHER RESOLVED, that any and all action taken by the President (or any officer of MHPFC), acting on behalf of the Ground Lessor, acting on its own behalf, prior to the date this consent is actually executed in effecting the purposes of the foregoing resolutions is hereby approved, ratified, and adopted in all respects.

11. GENERAL CONTRACTOR AUTHORIZATION/RATIFICATION.

RESOLVED, that the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Contractor, is individually authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments, resolutions and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of MHPFC and the General Contractor as such person shall deem to be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions; and

FURTHER RESOLVED, that any and all action taken by the President (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Contractor, acting on its own behalf, prior to the date this consent is actually executed in effecting the purposes of the foregoing resolutions is hereby approved, ratified, and adopted in all respects.

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EXHIBIT A

FORM OF PARTNERSHIP RESOLUTION

[Attached]

DRAFT

MANOR LEASED HOUSING ASSOCIATES I, LIMITED PARTNERSHIP

PARTNERSHIP RESOLUTIONS

_____, 2024

MHPFC TRGP1 LLC, a Texas limited liability company (the “*General Partner*”), the sole general partner of MANOR LEASED HOUSING ASSOCIATED I, LIMITED PARTNERSHIP., a Texas limited partnership (the “*Partnership*”) hereby adopts the following resolutions:

1. LEASE OF REAL PROPERTY

WHEREAS, the General Partner is the sole general partner of the Partnership; and

WHEREAS, Manor Housing Public Facility Corporation (the “*MHPFC*”), is the sole member of the General Partner; and

WHEREAS, Dr. Christopher Harvey, an individual, is the President of the Member (the “*President*”), and Scott Moore, an individual, is the General Manager of MHPFC (the “*General Manager*”); and

WHEREAS, MHPFC, in its capacity as ground lessor (the “*Ground Lessor*”) will acquire certain real property located in the City of Manor, Travis County, Texas (the “*Real Property*”) on which a multifamily project is to be constructed, developed and operated, to be known as “Tower Road Apartments” (the “*Apartment Complex*”); and

WHEREAS, the Ground Lessor will enter into a Ground Lease (the “*Ground Lease*”) with the Partnership pursuant to which the Ground Lessor will lease the Real Property to the Partnership for a 99-year term; and

WHEREAS, in connection with the lease of the Real Property from the Ground Lessor, the Partnership and/or the General Partner and/or MHPFC will be required to enter into various documents to evidence such leasehold interest, including but not limited to the Ground Lease and a Memorandum of Ground Lease (collectively, the “*Ground Lease Documents*”);

RESOLVED, that the prior actions of the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, with respect to the lease of the Real Property, including but not limited to the execution of the Ground Lease, are hereby ratified and approved; and

RESOLVED, that (a) the Partnership is authorized to lease the Real Property and to execute and deliver the Ground Lease Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Ground Lease Documents and to do all things necessary or desirable to facilitate the lease of the Real Property and the construction, development and operation of the Apartment Complex thereon; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby

authorized to execute and deliver the Ground Lease Documents and to do all things necessary or desirable to facilitate the lease of the Real Property and the construction and operation of the Apartment Complex thereon; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Ground Lease Documents, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to facilitate the lease of the Real Property and the construction, development and operation of the Apartment Complex thereon.

2. EQUITY FINANCING

WHEREAS, pursuant to a letter of intent, RBC Community Investments, LLC, an Illinois limited liability company, its successors and assigns (the "*Equity Provider*") has agreed to provide equity financing of approximately \$36,151,968 to the Partnership for the construction of the Apartment Complex (the "*Equity Financing*"); and

WHEREAS, in connection with the Equity Financing, the General Partner will enter into an Amended and Restated Agreement of Limited Partnership for the Partnership (the "*Partnership Agreement*") with the Equity Provider, RBC Community Investments Manager II, Inc., as special limited partner, and Manor Leased Housing Associates LP I, LLC, a Minnesota limited liability company, as class B limited partner (the "*Class B Limited Partner*"); and

WHEREAS, the Partnership Agreement calls for the Partnership and/or the General Partner and/or MHPFC to enter into certain documents associated with the Equity Financing, including but not limited to a Development Agreement, an Incentive Management Fee Agreement, a Purchase Option Agreement (collectively, with the Partnership Agreement and such other documents and certificates in connection with the purposes set forth in this Resolution, the "*Equity Documents*");

RESOLVED, that (a) the Partnership is authorized to obtain the Equity Financing from the Equity Provider or its affiliates and to execute and deliver the Equity Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Equity Documents and do all things necessary and desirable to facilitate the Equity Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Equity Documents and do all things necessary to facilitate the Equity Financing; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Equity Documents, with such changes as the President (or any officer of MHPFC) in such officer's discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Equity Financing and perform the Partnership's and/or the General Partner's obligations thereunder.

3. SENIOR BOND FINANCING

WHEREAS, MHPFC, in its capacity as issuer (the “*Issuer*”), has agreed to issue its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Senior Bonds*”) in an aggregate principal amount of up to \$60,819,515; and

WHEREAS, the proceeds from the sale of the Senior Bonds will be loaned by the Issuer to the Partnership to finance a portion of the development of the Apartment Complex (the “*Senior Bond Financing*”) pursuant to a Loan Agreement between the Issuer and the Partnership (the “*Senior Loan Agreement*”); and

WHEREAS, in connection with the Senior Loan Agreement and the Senior Bond Financing, the Partnership will execute a Note (the “*Senior Bond Note*”) payable to BOKF, NA, as trustee with respect to the Senior Bonds; and

WHEREAS, in connection with the Senior Bond Financing and the execution of the Senior Loan Agreement, the Partnership and/or the General Partner shall enter into any and all documents, including but not limited to, a Regulatory Agreement and Declaration of Restrictive Covenants, a Tax Exemption Certificate and Agreement, a Continuing Disclosure Agreement and such other types of agreements, certificates or documents necessary for the Issuer to issue the Senior Bonds and for the Partnership to consummate the Senior Bond Financing (collectively, with the Senior Bonds, the Senior Loan Agreement and the Senior Bond Note, the “*Senior Bond Financing Documents*”);

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Senior Bond from the Issuer and to execute and deliver the Senior Bond Financing Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Senior Bond Financing Documents and do all things necessary to facilitate the Senior Bond Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Senior Bond Financing Documents and do all things necessary to facilitate the Senior Bond Financing; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Senior Bond Financing Documents, with such changes as the President (or any officer of MHPFC) in such officer’s discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Senior Bond Financing and the Partnership’s and/or the General Partner’s obligations thereunder.

4. SUBORDINATE BOND FINANCING

WHEREAS, MHPFC, in its capacity as issuer (the “*Issuer*”), has agreed to issue its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Subordinate Bonds*”), in an aggregate principal amount of up to \$4,000,000 (the “*Subordinate Bonds*”); and

WHEREAS, the proceeds from the sale of the Subordinate Bonds will be loaned by the Issuer to the Partnership to finance a portion of the development of the Apartment Complex (the “*Subordinate Bond Financing*”) pursuant to a Subordinate Loan Agreement between the Issuer and the Partnership (the “*Subordinate Loan Agreement*”); and

WHEREAS, in connection with the Subordinate Loan Agreement and the Subordinate Bond Financing, the Partnership will execute a Note (the “*Subordinate Bond Note*”) payable to BOKF, NA, as trustee with respect to the Subordinate Bonds; and

WHEREAS, in connection with the Subordinate Bond Financing and the execution of the Subordinate Loan Agreement, the Partnership and/or the General Partner shall enter into any and all documents, including but not limited to, a deed of trust, a Regulatory Agreement and Declaration of Restrictive Covenants, a Tax Exemption Certificate and Agreement, a Continuing Disclosure Agreement, a subordination agreement and such other types of agreements, certificates or documents necessary for the Issuer to issue the Subordinate Bonds and for the Partnership to consummate the Subordinate Bond Financing (collectively, with the Subordinate Bonds, the Subordinate Loan Agreement and the Subordinate Bond Note, the “*Subordinate Bond Financing Documents*”);

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Subordinate Bond from the Issuer and to execute and deliver the Subordinate Bond Financing Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Subordinate Bond Financing Documents and do all things necessary to facilitate the Subordinate Bond Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Subordinate Bond Financing Documents and do all things necessary to facilitate the Subordinate Bond Financing; and (d) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Subordinate Bond Financing Documents, with such changes as the President (or any officer of MHPFC) in such officer’s discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Subordinate Bond Financing and the Partnership’s and/or the General Partner’s obligations thereunder.

5. CONSTRUCTION LOAN AND PERMANENT LOAN FINANCING

Associated Bank, National Association, a national banking association, as administrative agent for the benefit of itself and the ratable benefit of all “Construction Lenders” now or hereafter parties to the Construction Loan Agreement described below (“*Agent*”), Associated Bank, National Association (in its capacity as a bank, “*Associated Bank*”), Great Southern Bank, a Missouri state chartered trust company (“*Great Southern Bank*”) and certain other financial institutions which may hereafter become parties thereto (Associated Bank, Great Southern Bank and such other financial institutions with their respective successors and assigns are individually, a “*Construction Lender*” and collectively, the “*Construction Lenders*”), Construction Lenders have agreed to issue a loan to the Partnership in the aggregate principal amount of approximately

\$60,815,000 (the “*Construction Loan*”) to finance a portion of the development of the Apartment Complex (the “*Construction Loan Financing*”) pursuant to a Syndicated Construction Loan Agreement (the “*Construction Loan Agreement*”) among the Agent, the Construction Lenders and the Partnership; and

WHEREAS, in connection with the Construction Loan Agreement, the Partnership will execute one or more promissory notes with each Construction Lender (collectively, the “*Construction Note*”) payable to the applicable Construction Lender; and

WHEREAS, to secure the Partnership’s obligations under the Construction Notes, the Partnership shall execute for the benefit of the Agent, certain other documents in addition to the Construction Loan Agreement, including but not limited to a Construction Leasehold Deed of Trust, Security Agreement, Fixture Filing and Assignment of Leases and Rents, an Assignment of Leases and Rents, an Environmental Indemnity Agreement, a Disbursing Agreement, a Collateral Assignment and Subordination of Property Management Agreement, an Assignment of Agreements Affecting Real Estate, a Consent and Joinder by Fee Owner and such other types of agreements, certificates or documents necessary for the Partnership to consummate the Construction Loan Financing (collectively with the Construction Notes and the Construction Loan Agreement, the “*Construction Loan Documents*”); and

WHEREAS, the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise (“*Freddie Mac*”) has agreed to purchase and/or refinance the Construction Loan pursuant to a forward commitment and a Construction Phase Financing Agreement (the “*Construction Phase Financing Agreement*”) between JLL Real Estate Capital, LLC and Freddie Mac; and

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Construction Notes from the Construction Lenders and to execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement and do all things necessary to facilitate the Construction Loan Financing; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement and do all things necessary to facilitate the Construction Loan Financing; and (c) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Construction Loan Documents and the Construction Phase Financing Agreement, with such changes as the President (or any officer of MHPFC) in such officer’s discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Construction Loan Financing and fulfill the Partnership’s and/or the General Partner’s obligations thereunder and under the Construction Phase Financing Agreement.

6. BRIDGE LOAN FINANCING

WHEREAS, Bremer Bank, National Association (the “*Bridge Lender*”), has agreed to make a bridge loan in the amount of approximately \$[37,319,410] (the “*Bridge Loan*”) to the Partnership in order to finance a portion of the development of the Apartment Complex; and

WHEREAS, in connection with the Bridge Loan, the Partnership will execute a promissory note (the “*Bridge Note*”) payable to the Bridge Lender; and

WHEREAS, to secure the Partnership’s obligations under the Bridge Note, the Partnership and/or the General Partner will execute, for the benefit of the Bridge Lender, a Bridge Loan Agreement, a Pledge and Security Agreement (Borrower), a Developer Fee Subordination Agreement, a Guarantor’s Affidavit and such other types of agreements, certificates or documents necessary for the Partnership to consummate the Bridge Loan (collectively with the Bridge Note, the “*Bridge Loan Documents*”);

RESOLVED, that (a) the Partnership is authorized to borrow the proceeds of the Bridge Note from the Bridge Lender and to execute and deliver the Bridge Loan Documents; (b) the General Partner, acting on its own behalf or on behalf of the Partnership, is authorized to execute and deliver the Bridge Loan Documents and do all things necessary to facilitate the Bridge Loan to the Partnership; (c) MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to execute and deliver the Bridge Loan Documents and do all things necessary to facilitate the Bridge Loan to the Partnership; and (c) the President and the General Manager (or any officer of MHPFC), acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (i) execute and deliver the Bridge Loan Documents, with such changes as the President (or any officer of MHPFC) in such officer’s discretion believes to be necessary or desirable, and such other documents and instruments in connection therewith as may be necessary or desirable and (ii) do all things necessary or desirable to cause the Partnership to obtain the Bridge Loan and fulfill the Partnership’s and/or the General Partner’s obligations thereunder.

7. DELEGATION OF SIGNATURE AUTHORITY

WHEREAS, the General Partner wishes to delegate the authority to execute documents relating to the business of the Partnership to the Class B Limited Partner;

RESOLVED, that the authorized signatories of the Class B Limited Partner, in lieu of the General Partner on behalf of the Partnership, are hereby authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents required under the Ground Lease Documents, the Senior Bond Financing Documents, the Subordinate Bond Financing Documents, the Equity Documents, the Construction Loan Documents, and the Bridge Loan Documents and (b) take, or cause to be taken, any and all such action, in the name and on behalf of the Partnership as such person shall deem to be necessary, desirable or appropriate in order to effect the purposes of the foregoing resolutions.

8. AUTHORIZATION AND RATIFICATION

RESOLVED, that the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting its own behalf or on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, is hereby authorized to (a) sign, certify to, acknowledge, deliver, accept, file, and record any and all instruments and documents, and (b) take, or cause to be taken, any and all such action, in the name and on behalf of MHPFC, the General Partner, and the Partnership as such person shall deem to be necessary, desirable, or appropriate in order to effect the purposes of the foregoing resolutions.

FURTHER RESOLVED, that any and all action taken by the President and the General Manager (or any officer of MHPFC), acting on behalf of MHPFC, acting on behalf of the General Partner, acting on its own behalf or on behalf of the Partnership, prior to the date this consent is actually executed in effecting the purposes of the foregoing resolutions is hereby approved, ratified, and adopted in all respects.

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PASSED AND APPROVED this ____ day of _____, 2024.

MHPFC TRGP1 LLC

By: Manor Housing Public Facility Corporation,
its sole member

By _____
Dr. Christopher Harvey
President

DRAFT

[TOWER ROAD APARTMENTS]

GROUND LEASE

between

MANOR HOUSING PUBLIC FACILITY CORPORATION
as Landlord

and

MANOR HOUSING ASSOCIATES I, LIMITED PARTNERSHIP
as Tenant

Dated: As of October [1], 2024

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GROUND LEASE

THIS GROUND LEASE (as amended, modified or supplemented from time to time, this “Lease”) is made as of October [1], 2024, by and between Manor Housing Public Facility Corporation, a Texas public facility corporation (together with its permitted successors and assigns, the “Landlord”), and Manor Housing Associates I, Limited Partnership, a Texas limited partnership (together with its permitted successors and assigns, the “Tenant”).

RECITALS

WHEREAS, the Landlord is the owner of certain Land (as defined below) which the Landlord has agreed to lease under the terms and conditions hereof to the Tenant for the Tenant’s design, acquisition, construction, and equipping, and operation upon the Land of a rental project (the “Project”), comprised of 324 residential rental units (each, a “Unit” and collectively, the “Units”); and

WHEREAS, the Tenant and the Landlord intend that all of the Units shall be rented to Residents (as defined below) so as to qualify the Units for Low Income Housing Tax Credits as defined in Section 42 of the Code (as defined below); and

WHEREAS, the Landlord and the Tenant desire to enter into this Lease on the terms and conditions set forth herein.

NOW THEREFORE, IN CONSIDERATION of the covenants and agreements of the parties hereto, as are hereinafter set forth, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by each party hereto, the Landlord hereby leases to the Tenant and the Tenant hereby leases from the Landlord all of that tract of land (the “Land”) in Travis County, Texas, which is described in Exhibit A attached hereto,

TOGETHER WITH any and all rights, alleys, ways, privileges, easements, appurtenances and advantages, to the same belonging or in any way appertaining (all of which, together with the Land, are hereinafter referred to collectively as the “Premises”), excluding any and all Improvements and Equipment (as such terms are hereinafter defined) now or hereafter thereon (which shall be owned by the Tenant, but without limiting the Landlord’s rights thereto under this Lease),

SUBJECT TO THE OPERATIONS AND EFFECT of the Permitted Encumbrances,

TO HAVE AND TO HOLD the Premises unto the Tenant, its successors and permitted assigns, for the purposes and term of years set forth herein,

ON THE TERMS AND SUBJECT TO THE CONDITIONS which are hereinafter set forth:

Article 1 Definitions

Section 1.1. Specific.

As used herein, the following terms have the following meanings:

“*Act*” shall mean the United States Housing Act of 1937, as amended from time to time, any successor legislation, and all regulations issued thereunder or in furtherance thereof.

“*Annual Rent Payment*” shall have the meaning given to it in subsection 4.1.2 hereof.

“*Bankruptcy*” shall be deemed, for any Person, to have occurred either:

- (a) if and when such Person (i) applies for or consents to the appointment of a receiver, trustee or liquidator of such Person or of all or a substantial part of its assets, (ii) files a voluntary petition in bankruptcy court or admits in writing its inability to pay its debts as they come due, (iii) makes an assignment for the benefit of its creditors, (iv) files a petition or an answer seeking a reorganization or an arrangement with its creditors or seeks to take advantage of any insolvency law, (v) performs any other act of bankruptcy or (vi) files an answer admitting the material allegations of a petition filed against such Person in any bankruptcy, reorganization or insolvency proceeding; or
- (b) if (i) an order, judgment or decree is entered by any court of competent jurisdiction adjudicating such Person a bankrupt or an insolvent, approving a petition seeking such an adjudication, or reorganization, or appointing a receiver, trustee or liquidator of such person or of all or a substantial part of its assets or (ii) there otherwise commences with respect to such Person or any of its assets any proceeding under any bankruptcy, reorganization, arrangement, insolvency, readjustment, receivership or similar law, and if such order, judgment, decree or proceeding continues unstayed for any period of ninety (90) consecutive days after the expiration of any stay thereof.

“*Bond Loan Documents*” means all documents and instruments executed and delivered in connection with the issuance and sale of the Senior Bonds and the Subordinate Bonds.

“*Bond Loans*” means the loans made to the Tenant pursuant to the terms of the Bond Loan Documents.

“*Bonds*” means the Senior Bonds and the Subordinate Bonds, together.

“*Cash Flow*” means Net Cash Flow as defined in the Partnership Agreement.

“*Class B Limited Partner*” means Manor Leased Housing Associates LP I, LLC a Minnesota limited liability company, and its successors and assigns.

“*Closing*” means the date of closing of the Bond Loan.

“*Code*” means the Internal Revenue Code of 1986, as amended.

“*Commencement Date*” has the meaning given it in subsection 3.1.1 hereof.

“*Compliance Period*” has the meaning given it in the Partnership Agreement

“*Depository*” means a federally insured bank or trust company designated by the Landlord having a capital of not less than \$50,000,000 and having its main office in Texas, or if no such bank or trust company is willing to act as such, the Landlord. For purposes of this Lease, (a) a bank or trust company qualified as aforesaid shall be deemed willing to act as Depository hereunder if in connection therewith it employs its customary form of escrow agreement which does not contain provisions inconsistent with those of this Lease, and agrees to undertake the duties provided for herein, and (b) no such bank or trust company shall be deemed willing to act as Depository if the Landlord gives written notice to the Tenant and the Investor Limited Partner that no bank or trust company with qualifications as aforesaid to which it has applied is willing to act as Depository, and neither the Tenant nor the Investor Limited Partner, within thirty (30) days after being given such notice, designates as Depository a bank or trust company having such qualifications and willing to act as such.

“*Environmental Laws*” shall mean any and all federal, state or local statutes, laws, rules, regulations, ordinances, orders, codes, determinations, decrees, or rules of common law pertaining to health, safety, or the environment now or at any time hereafter in effect and any judicial or administrative interpretation thereof (including, but not limited to, any judicial or administrative order, consent decree or judgment relating to the environment or Hazardous Substances, or exposure to Hazardous Substances) including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, the Superfund Amendments and Reauthorization Act of 1986, as amended, the Resource, Conservation and Recovery Act of 1976, as amended, the Clean Air Act, as amended, the Federal Water Pollution Control Act, as amended, the Oil Pollution Act of 1990, as amended, the Safe Drinking Water Act, as amended, the Hazardous Materials Transportation Act, as amended, the Toxic Substances Control Act, as amended, and any other environmental or health conservation or protection laws.

“*Equipment*” means all apparatus, machinery, devices, fixtures, appurtenances, equipment and personal property owned by the Tenant now or hereafter located on or within the Premises or the Improvements and necessary or desirable for the proper operation and maintenance of the Premises or the Improvements (other than moveable equipment belonging to any management company or third party servicing the Improvements), including but not limited to any and all awnings, shades, screens and blinds; asphalt, vinyl, composition and other floor, wall and ceiling coverings; partitions, doors and hardware; elevators, escalators and hoists; heating, plumbing and ventilating apparatus; gas, electric and steam fixtures; chutes, ducts and tanks; oil burners, furnaces, heaters, incinerators and boilers; air-cooling and air-conditioning equipment; washroom, toilet and lavatory fixtures and equipment; engines, pumps, dynamos, motors, generators, electrical wiring and equipment; tools, building supplies, lobby decorations and window washing hoists and equipment; garage equipment, security systems, and gardening and landscaping equipment; swimming pool, recreational furniture and equipment; refrigerators, dishwashers, disposals, ranges, washers, dryers, and other kitchen appliances and all additions thereto and replacements thereof.

“*Event of Default*” has the meaning given it in Section 15.1 hereof.

“*Fee Estate*” means the fee simple estate in the Premises, subject to the operation and effect of this Lease and the Permitted Encumbrances, to the extent that the Permitted Encumbrances affect the Fee Estate.

“*Force Majeure*” means any (a) strike, lock-out or other labor troubles, (b) governmental restrictions or limitations, (c) failure or shortage of electrical power, gas, water, fuel oil, or other utility or service, (d) riot, war, insurrection, act of terror, disease, pandemic or other national or local emergency, (e) accident, flood, fire or other casualty, (f) adverse weather conditions resulting in cessation of work on the Project for in excess of one (1) week, (g) other act of God, (h) inability to obtain a building permit or a certificate of occupancy, or (i) other cause similar or dissimilar to any of the foregoing and beyond the reasonable control of the Person in question.

“*General Partner*” means MHPFC TR GP 1 LLC, a Texas limited liability company, and its successors and permitted assigns.

“*Guarantor*” has the meaning given it in the Partnership Agreement.

“*Guaranty Date*” means the date on which the Guarantor has no further liability, obligation or exposure under any guaranty or indemnification relating to the Partnership or the Property.

“*Hazardous Substance*” means any petroleum or petroleum products and their by- products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of “hazardous substances” as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, “regulated substances” within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws. Hazardous Substances shall not include items which are products commonly used by consumers.

“*Holdover Rent*” has the meaning given it in subsection 3.3.2 hereof.

“*Improvements*” has the meaning given it in subsection 5.1(b)(i) hereof.

“*Initial Rent Payment*” shall have the meaning given to it in subsection 4.1.1 hereof.

“*Insurance Requirements*” has the meaning given it in subsection 5.2.1 hereof.

“*Investor Limited Partner*” means RBC Community Investments, LLC, an Illinois limited liability company, and its respective successors and/or assigns or such other equity investor approved by the Tenant.

“*Land Records*” means the Official Public Records of Real Property of Travis County.

“*Landlord Event of Default*” shall have the meaning given it in Section 15.4 hereof.

“*Landlord*” means Manor Housing Public Facility Corporation, a Texas public facility corporation.

“*Leasehold Estate*” means the leasehold estate in the Premises held by the Tenant under this Lease. This Lease is intended to convey to the Tenant ownership of the Improvements and Equipment, leaving only to Landlord a leasehold interest in the Land.

“*Leasehold Mortgagee*” means any Permitted Leasehold Mortgagee holding a Mortgage against the Leasehold Estate.

“*Legal Requirements*” has the meaning given it in subsection 5.2.1 hereof.

“*LIHTC Housing Requirements*” means applicable Low Income Housing Tax Credits requirements as found in Section 42 of the Code, and as required by the Texas Department of Housing and Community Affairs for the appropriate Compliance Period and/or extended-use period (as may be applicable).

“*Limited Partners*” means, collectively, the Class B Limited Partner, the Investor Limited Partner, the Special Limited Partner and any other limited partner of the Tenant.

“*Mortgage*” means any mortgage or deed of trust at any time encumbering any or all of the Property, and any other security interest therein existing at any time under any other form of security instrument or arrangement used from time to time in the locality of the Property (including but not limited to any such other form of security arrangement arising under any deed of trust, sale-and-leaseback documents, lease-and-leaseback documents, security deed or conditional deed, or any financing statement, security agreement or other documentation used pursuant to the Uniform Commercial Code or any successor or similar statute), provided that such mortgage, deed of trust or other form of security instrument, and an instrument evidencing any such other form of security arrangement, has been recorded among the Land Records or in such other place as is, under applicable law, required for such instrument to give constructive notice of the matters set forth therein.

“*Mortgagee*” means the Person secured by a Mortgage.

“*Option*” has the meaning given to it in Section 20.1.

“*Partnership Agreement*” means that certain Amended and Restated Agreement of Limited Partnership of Manor Leased Housing Associates I, Limited Partnership dated as of [October 1, 2024], as amended, modified or supplemented from time to time.

“*Permitted Encumbrances*” means those matters listed in a schedule attached hereto as Exhibit B and incorporated herein by reference, together with each Permitted Leasehold Mortgage, and matters permitted under Section 9.1.2 herein, and including any liens or encumbrances securing

any construction and/or permanent loans made to the Tenant, at Tenant's request, in connection with the Project and matters permitted by lenders of such loans or contemplated by the Loan Documents, and any refinancings thereof.

"*Permitted Leasehold Mortgage*" has the meaning given in subsection 9.1.4(a) hereof.

"*Permitted Leasehold Mortgagee*" means, collectively, mortgagees extending Permitted Leasehold Mortgages, as defined in subsection 9.1.4(a). Upon inception of this Lease, BOKF, NA, as trustee, and any of its successors and assigns shall be a Permitted Leasehold Mortgagee. Upon execution and delivery of the Taxable Loan Documents and for so long as the Taxable Loan remains outstanding, Taxable Lender shall be a Permitted Leasehold Mortgagee. [NTD Need to confirm when construction loan documents are available]

"*Person*" means a natural person, a trustee, a corporation, a partnership, a limited liability company and any other form of legal entity.

"*Premises*" has the meaning given it hereinabove; provided, that if at any time hereafter any portion of the Premises becomes no longer subject to this Lease, "Premises" shall thereafter mean so much thereof as remains subject to this Lease.

"*Prime Rate*" means, for any day, the rate of interest announced or otherwise established from time to time, by a commercial banking institution chosen by the Landlord, as its prime commercial rate, as in effect on such day.

"*Property*" means the Premises, the Improvements and the Equipment.

"*Rent*" means the Initial Rent Payment and each Annual Rent Payment.

"*Resident*" shall mean a person occupying a Unit in the Project pursuant to a Tenancy Agreement.

"*Restoration*" means the repair, restoration or rebuilding of any or all of the Property after any damage thereto or destruction thereof, with such alterations or additions thereto as are made by the Tenant in accordance with this Lease, together with any temporary repairs or improvements made to protect the Property pending the completion of such work.

"*Right of First Refusal*" means the right of first refusal granted to the Landlord pursuant to Section 20.5 hereof.

"*Senior Bonds*" means the \$[60,815,000] Manor Housing Public Facility Corporation Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024.

"*Special Limited Partner*" means RBC Community Investments Manager II, Inc., a Delaware corporation, and its successors and assigns

"*Subordinate Bonds*" means the \$[4,000,000] Manor Housing Public Facility Corporation Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024.

“*Taxable Lender*” means Associated Bank, National Association, a national banking association, as lender of the Taxable Loan, and its successors and assigns.

“*Taxable Loan*” means the loan made to the Tenant pursuant to the Taxable Loan Documents and evidenced by the Taxable Note.

“*Taxable Loan Documents*” means all documents and instruments executed and delivered in connection with the issuance of the Taxable Note.

“*Taxable Note*” means the \$[60,815,000] Promissory Note from the Tenant and payable to Taxable Lender.

“*Taxes*” has the meaning given it in Section 6.1 hereof.

“*Tenancy Agreement*” shall mean the form of lease agreement between the Tenant and a Resident under the terms of which a Resident is entitled to enjoy possession of a Unit in the Project.

“*Tenant*” means Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership, as Tenant and its successors and permitted assigns as holder of the Leasehold Estate.

“*Term*” has the meaning given it in subsection 3.1.1 hereof. “*Termination Date*” has the meaning given it in subsection 3.1.1 hereof. “*Transfer*” has the meaning given it in Section 14.1 hereof.

Section 1.2. General.

Any other term to which meaning is expressly given in this Lease shall have such meaning.

Section 1.3. Construction.

Any Rent or any other amount paid hereunder shall be construed as made by the Tenant solely for the benefit of the Premises, as the Tenant shall be deemed to own the Improvements and the Equipment for all purposes. Any covenants contained herein made by the Tenant regarding the Improvements and the Equipment shall be construed solely to protect the Landlord from liability in connection with the Improvements and Equipment.

Article 2 Title

Section 2.1. Title.

The Tenant and the Landlord hereby acknowledge that fee title to the Land upon which the Improvements are to be constructed is held exclusively by the Landlord.

Article 3 Term

Section 3.1. Length.

3.1.1 Original Term.

This Lease shall be for a term (“Term”) commencing on the date of execution and delivery of this Lease (“Commencement Date”) and terminating at 11:59 o’clock P.M. on the day immediately before the ninety-ninth (99th) anniversary of the first (1st) day of the first (1st) full calendar month following the Commencement Date (the “Termination Date,” except that if the date of such termination is hereafter advanced to an earlier date or postponed pursuant to any provision of this Lease, or by express, written agreement of the parties hereto (and with the written consent of each Permitted Leasehold Mortgagee and the Class B Limited Partner), or by operation of law, the date to which it is advanced or postponed shall thereafter be the “Termination Date” for all purposes of this Lease). Nothing in this Lease shall be deemed in any way to extend or permit the extension of the Term beyond the ninety-ninth (99th) anniversary, anything in this Lease to the contrary notwithstanding.

3.1.2 Confirmation of Commencement and Termination.

The Landlord and the Tenant shall upon either’s request therefor, within fifteen (15) days after, respectively, (a) the commencement of the Term and (b) the expiration of the Term or any earlier termination of this Lease by action of law or in any other manner, confirm in writing by instrument in recordable form that, respectively, such commencement or such termination has occurred, setting forth therein the Commencement Date and the Termination Date.

Section 3.2. Surrender.

The Tenant shall, at its expense and subject to Section 3.4 hereof, at the expiration of the Term or any earlier termination of this Lease, (a) promptly yield up to the Landlord the Premises, and, at the Tenant’s sole option, the Units and the rest of the Improvements, and the Equipment, in good order and repair, ordinary wear and tear, and damage by casualty, subject to Article 12 hereof, excepted, and broom clean before returning possession of the Land, (b) remove therefrom the Tenant’s signs, goods and effects and any machinery, trade fixtures and equipment used in conducting the Tenant’s trade or business and not part of the Units or the Equipment or otherwise owned by the Landlord or a Resident, and (c) repair any damage to the Property caused by such removal. Upon such expiration or termination (whether by reason of an Event of Default or otherwise), (a) neither the Tenant nor its creditors and representatives shall thereafter have any right at law or in equity in or to any or all of the Property (including the Units and the rest of the Improvements) or to repossess any of same, or in, to, or under this Lease, and the Landlord shall automatically be deemed immediately thereupon to have succeeded to all of the same, free and clear of the right, title or interest therein of any creditor of the Tenant or any other Person whatsoever (but subject to the rights of any Person then holding any lien, right, title or interest in or to the Fee Estate, the Leasehold Estate, or the Property) and (b) the Tenant hereby waives any and all rights of redemption which it may otherwise hold under any applicable law.

Section 3.3. Holding Over.

Nothing in this Lease shall be deemed in any way to permit the Tenant to use or occupy the Premises after the expiration of the Term or any earlier termination of this Lease. If and only if the Tenant continues to occupy the Premises after such expiration or termination after obtaining the Landlord's express, written consent thereto, such occupancy shall (unless the parties hereto otherwise agree in writing) be deemed to be under a month-to-month tenancy, which shall continue until either party hereto notifies the other in writing, by at least thirty (30) days before the end of any calendar month, that the party giving such notice elects to terminate such tenancy at the end of such calendar month, in which event such tenancy shall so terminate; provided, however, the Rent payable with respect to each such monthly period shall equal one twelfth (1/12) of the Annual Rent Payment in effect at such time; and such month-to-month tenancy shall be on the same terms and subject to the same conditions as those set forth in this Lease, except that if the Landlord gives the Tenant, by at least thirty (30) days before the end of any calendar month during such month-to-month tenancy, written notice that such terms and conditions (including any thereof relating to the amount and payment of Rent) shall, after such month, be modified in any manner specified in such notice, then such tenancy shall, after such month, be on the said terms and subject to the said conditions, as so modified.

If the Tenant continues to occupy the Premises after the expiration of the Term or any earlier termination of this Lease (subject to Sections 19.17 and 19.16 of this Lease) without having obtained the Landlord's express, written consent thereto, then without altering or impairing any of the Landlord's rights under this Lease or applicable law, (a) the Tenant hereby agrees to pay to the Landlord immediately on demand by the Landlord as holdover rental ("Holdover Rent") for the Premises, for each calendar month or portion thereof after such expiration of the Term or such earlier termination of this Lease, as aforesaid, until the Tenant surrenders possession of the Premises to the Landlord, a sum equaling 1/12th of the Annual Rent Payment in effect at such time plus One Hundred and 00/100 Dollars (\$100.00) per each day of such holdover occupancy, and (b) the Tenant shall surrender possession of the Premises to the Landlord immediately on the Landlord's having demanded the same. Nothing in this Lease shall be deemed in any way to give the Tenant any right to remain in possession of the Premises after such expiration or termination, regardless of whether the Tenant has paid any such Holdover Rent to the Landlord.

Section 3.4. Title to and Alterations of Improvements.

At all times during the Term of this Lease, including without limitation for tax purposes, legal and beneficial title to the Improvements and the Equipment shall be owned by the Tenant and during the Term, the Tenant alone shall be entitled to all of the tax attributes of ownership of the Improvements and the Equipment, including, without limitation, the right to claim expenses, depreciation or cost recovery deductions, amortization and the right to claim the low-income housing tax credit described in Section 42 of the Code. Tenant has the right to amortize capital costs and to claim any other federal or state tax benefits attributable to the Property. At the expiration or earlier termination of the Term of this Lease, or any portion thereof, the Tenant shall peaceably leave, quit and surrender the Premises in the manner required under Section 3.2 hereof, subject to the rights of Residents in possession of Units under Tenancy Agreements with the Tenant; provided, however, that such Residents are not then in default thereunder, and attorn to

the Landlord as their lessor. Upon such expiration or termination, the Premises, Improvements and Equipment, or any portion thereof so terminated, shall become the sole property of the Landlord at no cost to the Landlord, and shall be free of all liens and encumbrances other than the Permitted Encumbrances and in good condition, subject to the provisions of Section 3.2 hereof, and in the event of a casualty, to the provisions of Article 12 hereof. Title to the Improvements constructed or installed on the Land shall at all times during the Term of this Lease remain real property with title vested in the Tenant. For state real property tax purposes or to the extent otherwise required under applicable Legal Requirements to maintain the Exemption for the Property, Landlord shall be treated as the owner of the Land. It is the parties' intent that Landlord hold title to the Land at all relevant times and to the extent it does not, Landlord can compel legal title to the Land to be conveyed to Landlord during the Term, if necessary, and by automatic operation of law pursuant to this Lease at the termination of this Lease.

Section 3.5. Conveyance Upon Sale of Improvements.

Notwithstanding anything in this Lease to the contrary, if the Tenant should at any time sell the Project to a third party (except as provided in Section 20.7, or with respect to transfers or sales to a Permitted Leasehold Mortgagee pursuant to Section 8.3 hereof), this Lease shall terminate without further obligation of the Landlord in regard to premises or payment. The Landlord shall convey title to Premises to the Tenant or to such third party (as directed by the Tenant) upon payment to the Landlord by the Tenant of the amount of one hundred and 00/100 dollars (\$100.00). Notwithstanding the foregoing, the sale of the Improvements to a third party pursuant to this Section 3.5 shall be subject to the Right of First Refusal.

Notwithstanding anything to the contrary set forth in this Lease, this Lease shall be terminated at the option of Tenant and Landlord's fee simple title to the Premises shall be conveyed to Tenant at no or nominal cost if (i) the General Partner withdraws as general partner of Tenant or is removed as general partner of Tenant pursuant to the terms of the Partnership Agreement or (ii) the Exemption is lost for any reason and not restored within ninety (90) days; provided, however, that with respect to a loss of the Exemption not caused by the Landlord or a Landlord Related Party that occurs after the expiration of the Compliance Period, the Landlord shall be entitled to the amortized portion of the upfront Ground Lease payment set forth in Section 4.1 hereof from the effective date of this Lease through the date of such conveyance in consideration for the transfer of the fee simple title to the Premises.

Article 4 Rent

Section 4.1. Amount.

As Rent for the Premises, the Tenant shall pay to the Landlord:

- (a) *Initial Rent Payment.* The Landlord hereby acknowledges as of the date hereof the receipt of payment of Rent in the amount of \$(4,500,000) (the "Initial Rent Payment"). As of the date hereof, Landlord shall be deemed to have paid Seller Four Million Five Hundred Thousand Dollars (\$4,500,000) for the Land.

- (b) *Annual Rent Payment.* Commencing on the January 1 following Closing, the Tenant shall make a Rent payment in the amount of \$90,000, increasing by 3.0% annually (the “Annual Rent Payment”) and shall be subject to Cash Flow pursuant to the Partnership Agreement.
- (c) *Ground Lease Administration Fee.* Commencing on the January 1 following Closing, the Tenant shall make a Rent payment in the amount of \$10,000, increasing by 3.0% annually (the “Annual Administration Fee”) and shall be subject to Cash Flow pursuant to the Partnership Agreement.

[NTD: we’re working with equity investor on this]

Section 4.2. Tax on Lease.

If federal, state or local law now or hereafter imposes any tax, assessment, levy or other charge (other than any income tax) directly or indirectly upon (a) the Landlord with respect to this Lease or the value thereof, (b) the Tenant’s use or occupancy of the Premises, (c) the Rent or any other sum payable under this Lease or (d) this transaction, the Tenant shall pay the amount thereof from available Cash Flow, unless Tenant is prohibited by law from doing so.

Section 4.3. Security Deposit.

NONE.

Section 4.4. Net Lease.

Other than as is expressly set forth in this Lease (and except for the Landlord's legal fees, third-party consultants retained by the Landlord and the Landlord's own costs), all costs, expenses, liabilities, charges or other deductions whatsoever with respect to the Premises and the construction, ownership, leasing, operation, maintenance, repair, rebuilding, use, occupation of, or conveyance of any or all of the Tenant's Leasehold Estate in this Lease shall be the sole responsibility of and payable by the Tenant, all of which costs, expenses, liabilities and charges shall be deemed additional rent hereunder.

Section 4.5. Condition of the Premises.

- (a) Except as may be otherwise provided herein, the Tenant acknowledges and agrees that the Premises shall be leased to the Tenant and the Tenant shall accept the premises, "as is, where is, and with all faults." The Landlord hereby expressly disclaims any and all representations and warranties of any kind or character, express or implied, with respect to the premises. Without limiting the generality of the preceding sentence or any other disclaimer set forth herein, the Landlord and the Tenant hereby agree that the Landlord has not made and is not making any representations or warranties, express or implied, written or oral, as to (a) the nature or condition, physical or otherwise, of the Premises or any aspect thereof, including, without limitation, any warranties of habitability, suitability, merchantability, or fitness for a particular use or purpose;
- (b) the soil conditions, drainage conditions, topographical features, access to public rights-of-way, availability of utilities or other conditions or circumstances which affect or may affect the Premises or any use to which the Tenant may put the premises; (c) any conditions at or which affect or may affect the Premises with respect to any particular purpose, use, development potential or otherwise;
- (c) any environmental, geological, meteorological, structural or other condition or hazard or the absence thereof, heretofore, now, or hereafter affecting in any manner the Premises, including, but not limited to, the absence of asbestos, lead paint, or any other environmentally hazardous substance on, in, under or adjacent to the Premises, and (e) the compliance of the Premises or the operation or use of the Premises with any applicable restrictive covenants, or any laws, ordinances, or regulations of any governmental body (including specifically, without limitation, any zoning laws or regulations, any building codes, any environmental laws, and the Americans with Disabilities Act of 1990, all as amended from time to time).

Article 5 Use of Property

Section 5.1. Nature of Use.

The Tenant shall throughout the Term continuously use and operate the Property only for the following uses and such other uses as are reasonably and customarily attendant to such uses: construction, rehabilitation, development, operation, maintenance, financing, refinancing,

marketing for lease and leasing of the Units in a manner which satisfies the requirements of this Lease in all material respects and as follows:

- (a) the Project shall be operated in accordance with the provisions of subsection 9.1.1-9.1.3 hereof, and have, at a minimum, the following characteristics: 324 residential rental Units subject to LIHTC Housing Requirements (collectively, the “Tax Credit Units”), and for so long as such requirements are applicable, designed for use (and shall in fact be used) for and only for the purposes expressly set forth and contemplated by this Lease, and
- (b) in conjunction with the foregoing,
 - i. the following improvements to the Premises (all of which, together with the Project and the Units, are herein referred to collectively as “Improvements”):
 - (1) such number of off-street parking spaces as is required for the Property from time to time by the applicable provisions of the municipal parking ordinance, as amended by any valid variance therefrom issued to the Landlord, or other applicable law;
 - (2) the driveways and sidewalks set forth on the final site plan covering the Premises which is approved in all respects by the Landlord (the “Site Plan”);
 - (3) such utility lines and facilities, open space areas, landscaping or other improvements or features as are shown on the Site Plan;
 - (4) such interior Unit amenities as are on the plans and specifications approved in connection with the closing of the financing, or as required by the Texas Department of Housing and Community Affairs in connection with the Low Income Housing Tax Credits or by the terms of the Bond Loan Documents, or as reasonably approved by the Landlord; and
 - (5) any replacement of or addition to the Units or any of such parking facilities, driveways, sidewalks, utility lines and facilities, landscaping or other Improvements provided that such replacement or addition is substantially consistent with the original design unless consented to in writing by the Landlord and the most senior Permitted Leasehold Mortgagee, and
 - ii. the Equipment, and any replacements, alterations, additions or repairs thereto.

Section 5.2. Compliance with Law and Covenants.

The Tenant, throughout the Term and at its sole expense, in its construction, rehabilitation, possession and use of the Premises, the Units or the rest of the Improvements and the Equipment:

- (a) shall materially comply promptly and fully with (a) all applicable material laws, ordinances, notices, orders, rules, regulations and requirements of all federal, state and

municipal governments and all departments, commissions, boards and officers thereof, including all applicable provisions of the Act, all LIHTC Housing Requirements and restrictions imposed by Section 142(d) of the Code in connection with the financing of the Project with the proceeds of the Bonds (all of which are hereinafter referred to collectively as “Legal Requirements”); and (b) all requirements (i) of the National Board of Fire Underwriters (or any other body now or hereafter constituted exercising similar functions) which are applicable to any or all of the Property, or (ii) imposed by any policy of insurance covering any or all of the Property and required by Article 7 hereof to be maintained by the Tenant (all of which are hereinafter referred to collectively as “Insurance Requirements”); and (c) the provisions of the other Permitted Encumbrances, all if and to the extent that any of the Legal Requirements, the Insurance Requirements or the said provisions relate to any or all of the Premises, the Improvements, the Equipment, the fixtures and equipment upon the Premises, or the use or manner of use thereof, whether any of the foregoing are foreseen or unforeseen, or are ordinary or extraordinary;

- (b) (without limiting the generality of the foregoing provisions of this subsection) shall keep in force throughout the Term all licenses, consents and permits required from time to time by applicable law to permit the Property to be used in accordance with this Lease;
- (c) shall pay or cause to be timely paid when due all personal property taxes, income taxes, license fees and other taxes or special assessments assessed, levied or imposed upon the Tenant or any other person (other than the Landlord) in connection with the operation of the Project or its use thereof, unless Tenant is contesting the same in good faith;
- (d) shall not take or fail to take any action, as the result of which action or failure to act the Landlord’s estate, right, title or interest in and to any or all of the Premises or the rest of the Property might be materially impaired; and
- (e) shall not (either with or without negligence) (a) knowingly cause or permit the escape, disposal or release of any Hazardous Substances, or (b) knowingly allow the storage or use of Hazardous Substances in any manner not sanctioned by law or by commercially reasonable standards prevailing in the industry for the storage and use of Hazardous Substances, or (c) knowingly allow any such materials or substances to be brought onto the Property except to use in the ordinary course of the Tenant’s business or by lessees of the Units. If any lender, Permitted Leasehold Mortgagee or governmental agency reasonably requires testing to ascertain whether or not there has been any release of Hazardous Substances on the Premises while this Lease is in effect, then the actual costs thereof paid by Landlord shall be reimbursed by the Tenant to the Landlord upon demand as additional Rent if such requirement applies to the Premises. The Tenant shall execute affidavits, representations and the like from time to time at the Landlord’s reasonable request concerning the Tenant’s actual knowledge regarding the presence of Hazardous Substances on the Premises.

Section 5.3. Restrictions Applicable to Tax Credit Units.

The Tax Credit Units are subject to and benefited by the terms and conditions of the LIHTC

Housing Requirements. All LIHTC Housing Requirements and this Article 5 with respect to applicable Tax Credit Units shall be binding upon the Landlord and the Tenant and each of their respective successors and assigns, including, without limitation, any Person which succeeds to Tenant's interest in the Premises by foreclosure or an instrument in lieu of foreclosure. The Landlord, in its capacity as Landlord, shall have no direct or indirect control or participation in the control or operation of the Property and shall not be entitled to any benefits from or uses thereof except for the Rent required hereunder.

Section 5.4. Foreclosure.

Following foreclosure by any Permitted Leasehold Mortgagee or assignment of the leasehold interest in lieu of such foreclosure, the use restrictions contained in this Article 5 shall be terminated and of no further force and effect.

Article 6 Taxes and Operating Expenses

Section 6.1. Property Tax Exemption; Tenant to Pay Taxes.

The Property is anticipated to qualify for exemption from all state and local government real estate taxes. The Landlord agrees not to take any action within its control that would jeopardize the property tax exemption and further agrees to cooperate in a commercially reasonable manner as the Tenant or Class B Limited Partner may request (at the Tenant's expense) to preserve such property tax exemption. The Landlord hereby represents, warrants, and covenants that it shall, as owner of the Premises, use its best efforts to maintain any new or existing ad valorem tax exemption under the Texas Tax Code for the Premises. The Tenant (a) shall bear the full expense of any and all real property or other taxes, including any and all payments in lieu of taxes, if applicable, metropolitan district charges or other assessments or charges levied against any or all of the Premises, the Units, the other Improvements and the Equipment, whether against the Fee Estate or the Leasehold Estate therein, and payable with respect to any calendar or tax year or other period falling wholly or partly within the Term, including but not limited to any assessments or fees levied against the Units pursuant to any Permitted Encumbrances (all of which are hereinafter referred to collectively as "Taxes"), except that if any such tax, charge or assessment is levied with respect to a period beginning before the Commencement Date or ending after the Termination Date, the Tenant shall bear the full expense of only that percentage thereof equaling the percentage of such period falling within the Term; (b) shall pay the same when due and payable and before any penalty is incurred for late payment thereof; and (c) shall deliver to the Landlord the receipted bill for such Taxes within ten (10) days after the Landlord requests it from the Tenant in writing. The Tenant shall not be required to pay any income taxes otherwise chargeable to the Landlord.

Section 6.2. Delivery of Bills and Notices.

Each party hereto shall deliver to the other, promptly after such party's receipt thereof, the originals or accurate copies of any and all bills for Taxes and notices of assessments or reassessments made or to be made for the purpose of levying any Taxes. If the Premises are not now treated as a separate tax lot by the assessing authority, the Landlord shall use its reasonable efforts promptly hereafter to have the Premises so treated.

Section 6.3. Proceedings to Contest.

The Tenant may, without postponing payment thereof, as aforesaid, bring proceedings to contest any Legal Requirement and to contest the validity or the amount of any Taxes, or to recover any amount thereof paid by the Tenant, provided that prior thereto the Tenant notifies the Landlord in writing that the Tenant intends to take such action. The Tenant shall indemnify and hold harmless the Landlord against and from any reasonable expense Landlord actually incurs that arises out of any such action. The Landlord shall, upon written request by the Tenant, cooperate with the Tenant in taking any such action, provided that the Tenant indemnifies and holds harmless the Landlord against and from any expense Landlord incurs or liability arising out of such cooperation.

Section 6.4. Operating Expenses.

6.4.1 Tenant's Obligation.

Subject to the Tenant's legal right to dispute expenses, and to the terms of Section 9.2.3 hereof, the Tenant will pay (or cause to be paid) directly to the providers of such services all costs and expenses attributable to or incurred in connection with the development, construction, completion, marketing, leasing, maintenance, management and occupancy of the Premises and the Improvements (collectively, "Operating Expenses") including without limitation (a) all energy sources for the Improvements, such as propane, butane, natural gas, steam, electricity, solar energy and fuel oil; (b) all water, sewer and trash disposal services; (c) all maintenance, repair, replacement and rebuilding of the Improvements including, without limitation, all Equipment; (d) all landscaping, maintenance, repair and striping of all parking areas; (e) all insurance premiums relating to the Premises and the Improvements, including fire and extended coverage, public liability insurance, rental insurance and all risk insurance; (f) all property management fees; and (g) the cost and expenses of all capital improvements or repairs (whether structural or non-structural) required to maintain the Improvements in good order and repair, including but not limited to any required by any governmental or quasi-governmental authority having jurisdiction over the Premises or the Improvements.

6.4.2 Permits and Licenses.

The Tenant shall also procure, or cause to be procured, at the Tenant's sole cost and expense, any and all necessary permits, licenses, or other authorizations required for the lawful and proper installation and maintenance upon the Premises of wires, cables, pipes, conduits, tubes, fiber optics and other equipment and appliances for use in supplying any such service to the Improvements and upon the Premises. The Landlord, upon request of the Tenant, and at the sole expense and liability of the Tenant, will join with the Tenant in any application required for obtaining or continuing any such services.

Section 6.4.3. Landlord's Payment of Certain Impositions.

Notwithstanding anything to the contrary set forth in this Lease, it is expressly understood

and agreed that Tenant shall not be required to pay or reimburse Landlord for (a) any franchise tax, gross receipts tax, revenue tax, premium tax, income tax or profits tax of Landlord, or any such tax imposed after the date hereof by any Governmental Authority or jurisdiction if such tax is determined on the basis of the general assets, or the general net income or net revenue of Landlord; or (b) any estate, inheritance, devolution, succession, transfer, stamp, legacy, or gift tax which may be imposed upon or with respect to any transfer of Landlord's interest in the Property or any part thereof.

Section 6.5. Right to Pay Taxes and Mortgage.

Any Permitted Leasehold Mortgagee and/or Limited Partner shall have the right (but not the obligation) to pay any taxes payable by the Landlord or the Tenant with respect to the Premises, and to cure any monetary or non-monetary default by the Landlord or the Tenant under any mortgage or other encumbrance on the Premises which has priority over this Lease; and if Permitted Leasehold Mortgagee or Limited Partner does so pay or cure, the Landlord or the Tenant, as applicable agrees that it will reimburse Permitted Leasehold Mortgagee or Limited Partner, as applicable, for the amount thereof promptly following request by the Permitted Leasehold Mortgagee or Limited Partner, as applicable, therefor unless the Landlord or the Tenant is protesting such taxes in good faith.

Article 7 Insurance and Indemnification

Section 7.1. Insurance to Be Maintained by Tenant.

The Tenant shall maintain at its expense throughout the Term insurance adequate to protect the Tenant's and the Landlord's interests in the Property and the insurance specified in the Tenant's Partnership Agreement. The Landlord has approved the insurance requirements attached hereto as Exhibit C; provided, however, in the event of a conflict between the insurance requirements specified in the Partnership Agreement and the insurance requirements listed on Exhibit C, the Partnership Agreement shall control. The Tenant shall fully comply with all of the insurance requirements imposed upon the Tenant under the Permitted Leasehold Mortgage and the Bond Loan Documents and Taxable Loan Documents to which the Tenant is a party. All insurance coverages shall have waiver of subrogation provisions reasonably acceptable to Landlord and Tenant, and all insurance coverages approved by a Permitted Leasehold Mortgagee or the Investor Limited Partner shall be deemed to be approved by Landlord. Approval, disapproval or failure to act by the Landlord regarding any insurance applied by the Tenant shall not relieve the Tenant of full responsibility or liability for damages or accidents as set forth in this Lease. Neither shall the bankruptcy, insolvency or denial of liability by the insurance company exonerate the Tenant from any such liability.

Section 7.2. Insureds.

Each such policy shall name as insureds thereunder (a) the Tenant, (b) the Landlord and (c) as additional insureds, each designee of the Landlord and any Permitted Leasehold Mortgagee. Landlord's entitlement to proceeds from Tenant's insurance policies is subordinate to the rights of all Permitted Leasehold Mortgagees under all Permitted Leasehold Mortgages.

Section 7.3. Insurer.

All insurance required and all renewals of insurance shall be issued by companies of recognized responsibility licensed to issue such policies and otherwise transact business in the State of Texas. All insurance policies will expressly provide that such policies will not be canceled or altered without thirty (30) days' prior written notice to the Landlord, and any other named insured thereunder, in the case of "All Risk" coverage insurance, and to the Landlord, and all other named insureds thereunder, in the case of general liability insurance. Such insurance will, to the extent obtainable, provide that no act or omission of the Tenant which would otherwise result in forfeiture or reduction of the insurance will affect or limit the obligation of the insurance company to pay the amount of any loss sustained; and will, to the extent obtainable, contain a waiver by the insurer of its rights of subrogation against the Landlord. Upon issuance, each insurance policy or duplicate or certificate of such policy shall be delivered to the Landlord.

Section 7.4. Evidence.

Tenant shall deliver to Landlord a certificate of insurance or an original or a signed duplicate copy of each such policy (including any replacement policy) in conjunction with its delivery of such certificate or policy to Investor Limited Partner and Permitted Leasehold Mortgagee. All public liability, property damage liability, and casualty policies maintained by Tenant will be written as primary policies, not contributing with and not in excess of coverage that Landlord may carry.

Section 7.5. Indemnification of Landlord.

- (a) THE TENANT SHALL DEFEND, INDEMNIFY AND HOLD HARMLESS THE LANDLORD FROM THIRD PARTY CLAIMS NOT ATTRIBUTABLE TO THE LANDLORD'S OR ANY OF LANDLORD'S RELATED PARTIES' ACTION OR INACTION AND AGAINST AND FROM ANY AND ALL LIABILITY, CLAIM OF LIABILITY OR EXPENSE INCURRED BY LANDLORD AND ARISING OUT OF OR IN ANY WAY CONNECTED WITH (A) THE USE, OCCUPANCY, CONDUCT, OPERATION OR MANAGEMENT OF THE PROPERTY DURING THE TERM, OR (B) ANY WORK OR THING WHATSOEVER DONE OR NOT DONE ON THE PROPERTY DURING THE TERM, OR (C) ANY BREACH OR DEFAULT BY THE TENANT IN PERFORMING ANY OF ITS OBLIGATIONS UNDER THIS LEASE OR APPLICABLE LAW, OR (D) ANY NEGLIGENT, INTENTIONALLY TORTIOUS OR OTHER ACT OR OMISSION OF THE TENANT OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, SUBTENANTS, LICENSEES OR INVITEES DURING THE TERM, OR (E) ANY INJURY TO OR DEATH OF ANY PERSON, OR DAMAGE TO ANY PROPERTY, OCCURRING ON THE PROPERTY DURING THE TERM (WHETHER OR NOT SUCH EVENT RESULTS FROM A CONDITION EXISTING BEFORE THE EXECUTION OF THIS LEASE EXPRESSLY EXCLUDING ANY HAZARDOUS SUBSTANCE CONDITION UNKNOWN TO THE TENANT AS OF, AND EXISTING BEFORE, THE EXECUTION OF THIS LEASE) AND FROM AND AGAINST ALL EXPENSES AND LIABILITIES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR ANY ACTION OR PROCEEDING BROUGHT THEREON (INCLUDING BUT NOT LIMITED TO THE REASONABLE FEES OF ATTORNEYS, INVESTIGATORS AND EXPERTS), ALL REGARDLESS OF WHETHER SUCH CLAIM IS ASSERTED DURING OR AFTER THE EXPIRATION OF THE TERM OR ANY EARLIER TERMINATION OF THIS LEASE BUT EXCLUDING, HOWEVER, ANY LIABILITY, CLAIM OF LIABILITY OR EXPENSE CAUSED BY THE LANDLORD, THE LANDLORD'S RELATED PARTIES, OR AN EMPLOYEE OR AGENT OF LANDLORD'S RELATED PARTIES. THIS SECTION 7.5 SHALL SURVIVE THE TERMINATION OF THIS LEASE.
- (b) SUBJECT TO SECTION 7.5(a) ABOVE, THE TENANT AGREES THAT THE LANDLORD SHALL NOT BE LIABLE FOR ANY DAMAGE OR LIABILITY OF ANY KIND OR FOR ANY INJURY TO OR DEATH OF PERSONS OR DAMAGE TO

PROPERTY OF THE TENANT OR ANY OTHER PERSON FROM ANY CAUSE WHATSOEVER BY REASON OF ANY WORK, LABOR OR MATERIALS PERFORMED OR DELIVERED TO, OR CONNECTED TO THE USE, OCCUPANCY, OR ENJOYMENT OF THE PREMISES BY THE TENANT OR ANY PERSON ON THE PREMISES OR HOLDING ALL OR ANY PART OF THE PREMISES UNDER THE TENANT. THE TENANT DOES HEREBY INDEMNIFY AND SAVE HARMLESS THE LANDLORD FROM ALL CLAIMS, ACTIONS, DEMANDS, COSTS AND EXPENSES AND LIABILITY WHATSOEVER, INCLUDING REASONABLE ATTORNEYS' FEES, ON ACCOUNT OF ANY SUCH REAL OR CLAIMED DAMAGE OR LIABILITY SUSTAINED BY THIRD PARTIES AND FROM ALL LIENS, CLAIMS AND DEMANDS OCCURRING IN OR AT THE PREMISES, OR ARISING OUT OF THE CONSTRUCTION, USE, OCCUPANCY OR ENJOYMENT OF THE PREMISES AND ITS FACILITIES, OR ANY REPAIRS OR ALTERATIONS WHICH THE TENANT MAY MAKE UPON THE PREMISES, OR OCCASIONED IN WHOLE OR IN PART BY ANY ACT OR OMISSION OF THE TENANT, ITS AGENTS, CONTRACTORS, SERVANTS, INVITEES OR ANY OTHER PARTY, OTHER THAN CLAIMS, ACTIONS, DEMANDS, COSTS AND EXPENSES AND LIABILITIES ARISING DIRECTLY AND SOLELY FROM THE ACTS OF THE LANDLORD, THE LANDLORD'S RELATED PARTIES, OR EMPLOYEES OR AGENTS OF LANDLORD'S RELATED PARTIES.

- (c) The Tenant acknowledges that the Landlord is not required to provide security for persons or property in or about the Premises. The Tenant hereby waives and releases any claim against the Landlord for injury to or death of any person and any property damage arising out of or attributable to any criminal activity in or about the Premises, specifically including, but not limited to, vandalism, theft, burglary, robbery, rape, murder or assault unless arising directly from the acts of the Landlord, the Landlord's Related Parties, its employees or agents.
- (d) THE TENANT HEREBY AGREES TO INDEMNIFY, PROTECT, DEFEND AND HOLD THE LANDLORD AND THE LANDLORD'S RELATED PARTIES HARMLESS FROM ANY AND ALL CLAIMS, CAUSES OF ACTIONS AND SUITS FOR INJURY TO OR DEATH OF ANY OF THE TENANT'S RELATED PARTIES OR RESIDENTS OF THE UNITS RESULTING FROM CRIMINAL ACTIVITIES IN OR ABOUT THE PREMISES, INCLUDING ALL COSTS, REASONABLE ATTORNEYS' FEES AND EXPENSES INCURRED OTHER THAN CLAIMS, ACTIONS, DEMANDS, COSTS AND EXPENSES AND LIABILITIES ARISING FROM THE ACTS OF THE LANDLORD, THE LANDLORD'S RELATED PARTIES OR THEIR EMPLOYEES OR AGENTS. SUBJECT TO THE FOREGOING LIMITATION, THE TENANT SHALL DEFEND ANY CLAIM, CAUSE OF ACTION OR SUIT MADE OR BROUGHT AGAINST THE LANDLORD OR THE LANDLORD'S RELATED PARTIES AT THE TENANT'S SOLE EXPENSE, BY COUNSEL REASONABLY SATISFACTORY TO THE LANDLORD. AS USED HEREIN, "LANDLORD'S RELATED PARTIES" SHALL MEAN AND REFER TO THE LANDLORD'S OFFICERS, DIRECTORS, AFFILIATES, AGENTS, CONTRACTORS, VOLUNTEERS AND EMPLOYEES, AND THEIR RESPECTIVE HEIRS AND PERSONAL REPRESENTATIVES, SUCCESSORS

AND ASSIGNS. AS USED HEREIN, "TENANT'S RELATED PARTIES" SHALL MEAN THE TENANT'S AGENTS, CONTRACTORS, PATRONS, BUSINESS INVITEES AND GUESTS.

- (e) SUBJECT TO THE LIMITATIONS SET FORTH BELOW, THE TENANT HEREBY AGREES TO INDEMNIFY THE LANDLORD AND HOLD THE LANDLORD HARMLESS FROM AND AGAINST ANY AND ALL LOSS, DAMAGES, LIABILITIES, EXPENSE AND COST INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, PAID, INCURRED OR SUFFERED BY THE LANDLORD AS A DIRECT OR INDIRECT RESULT OF THE PRESENCE ON OR UNDER, OR THE ESCAPE, SEEPAGE, LEAKAGE, SPILLAGE, EMISSION, DISCHARGE, MIGRATION OR RELEASE FROM THE PROPERTY OF ANY HAZARDOUS SUBSTANCE. THE FOREGOING INDEMNITY SHALL BE LIMITED TO MATTERS WHICH FIRST OCCUR DURING THE TERM AND WHICH MATTERS ARE DIRECTLY OR INDIRECTLY CAUSED BY THE TENANT'S USAGE OF THE PREMISES AND NOT CAUSED BY ACTS OF GOD AND NOT CAUSED, DIRECTLY OR INDIRECTLY, BY THE LANDLORD, THE LANDLORD'S RELATED PARTIES, OR THEIR EMPLOYEE, OR AGENT. THE FOREGOING SHALL NOT BE CONSTRUED TO LIMIT THE LIABILITY OF THE TENANT FOR SUCH MATTERS WHICH FIRST OCCUR DURING THE TERM, BUT WHICH ARE DISCOVERED SUBSEQUENT TO THE EXPIRATION OF THE TERM.

Section 7.6. Increase in Risk.

The Tenant shall not do or permit to be done any act or thing as a result of which either (a) any policy of insurance of any kind covering any or all of the Property or any liability of the Landlord in connection therewith may become void or suspended and such insurance policy is not replaced prior to any such void or suspension taking place, or (b) the insurance risk under any such policy would (in the opinion of the insurer thereunder) be made materially greater and action is not taken to address the risk. If such insurance is maintained by the Landlord, the Tenant shall pay as additional Rent the amount of any increase in any premium for such insurance resulting from any breach of such covenant, within ten (10) business days after the Landlord notifies the Tenant in writing of such increase.

Section 7.7. Participation by Permitted Leasehold Mortgagee.

Subject to subsection 12.3, Landlord agrees that the Permitted Leasehold Mortgagee will participate with Tenant in the settlement of all insurance claims and shall control disbursements, and control use of all insurance proceeds.

Section 7.8. Insurance Proceeds.

Notwithstanding anything to the contrary set forth in this Lease, Landlord and the Tenant hereby agree that for so long as a Permitted Leasehold Mortgage is outstanding, any and all insurance proceeds and condemnation awards received by the Tenant or the Landlord in connection with the Property shall be applied in accordance with the most senior Permitted

Leasehold Mortgage and the Loan Documents executed in connection therewith. If no Permitted Leasehold Mortgage is outstanding, such proceeds shall be payable to Tenant and may be applied to restore or repair the Improvements and Equipment. Without limiting the foregoing, Landlord agrees that the provisions of this Lease with respect to insurance policies, condemnation, casualty or the proceeds of casualty insurance, including without limitation, the types and amounts of insurance to be maintained by Tenant, the form of insurance policies, and provisions regarding the use of any casualty or condemnation process, are subject and subordinate to and shall be controlled by any Permitted Leasehold Mortgage and the Loan Documents executed in connection therewith, and to the applicable Permitted Leasehold Mortgagee's right thereto and thereunder, including, but not limited to, provisions relating to the use of proceeds of insurance and the Permitted Leasehold Mortgagee's right to participate in any proceeding regarding a casualty or condemnation.

Article 8 Leasehold Mortgage Requirements

Section 8.1. Future Fee Estate Mortgages.

Other than Permitted Encumbrances and restrictive covenants comprising any Land Use Restriction Agreement ("LURA") required by the Texas Department of Housing and Community Affairs, the Landlord shall not consent to any future mortgages or permit any future liens, or encumbrances against the Fee Estate or Premises, or otherwise pledge, assign or otherwise dispose of the Fee Estate or Premises without the prior written consent of the Tenant, the Class B Limited Partner, the Investor Limited Partner (if during the Compliance Period), the Guarantor (only until the Guaranty Date), and any Permitted Leasehold Mortgagee. To the extent a future Mortgage on the Fee Estate is permitted hereunder, such Mortgage shall expressly provide that it is subordinate and subject to the Tenant's interest under this Lease. Additionally, the Tenant shall not subordinate its leasehold interest to any future Mortgage of the Fee Estate obtained by the Landlord. The Landlord shall consent to the recording of the LURA in the form and manner required by the Texas Department of Housing and Community Affairs.

Section 8.2. Nonmerger.

This Lease shall not terminate as to any Permitted Leasehold Mortgagee because of any conveyance of the Tenant's leasehold interest to the Landlord or of the Landlord's interest hereunder to the Tenant. Accordingly, if the Leasehold Estate created pursuant to this Lease and the Fee Estate in the Premises are commonly held, then they shall remain separate and distinct estates and shall not merge without consent by all Permitted Leasehold Mortgagees and the Limited Partner.

Section 8.3. Foreclosure Rights of Leasehold Mortgagee.

Upon foreclosure, exercise of power of sale or assignment in lieu of foreclosure or exercise of the power of sale of the Leasehold Estate, the foreclosing Permitted Leasehold Mortgagee shall have the right to acquire this Lease in its own name or the name of a nominee without consent or approval of the Landlord, but subject to any senior Permitted Leasehold Mortgagee. In the event that the Tenant's Leasehold Estate hereunder is acquired by any Leasehold Mortgagee, or its

nominee or designee, then such Leasehold Mortgagee, or its nominee or designee, shall also have the right to further assign or sublet the leasehold interest hereunder to a third party without the consent or approval of the Landlord. In addition, upon such Permitted Leasehold Mortgagee's notice to the Landlord of the commencement of a foreclosure, exercise of the power of sale or deed in lieu of foreclosure or exercise of the power of sale of the Leasehold Estate, at the election of such Permitted Leasehold Mortgagee, the Landlord shall promptly cause the Manor Housing Public Facility Corporation, the sole member of the General Partner (the "General Partner Sole Member"), or an Affiliate of the General Partner Sole Member (the "General Partner Sole Member Affiliate") (together, the General Partner Sole Member and the General Partner Sole Member Affiliate shall be referred to as the "MHPFC Affiliate"), to enter into an agreement of limited partnership with the Permitted Leasehold Mortgagee, or its nominee or designee, to form a new tenant (the "New Tenant") on substantially the same terms as the Partnership Agreement or as otherwise reasonably acceptable to the MHPFC Affiliate. Upon Permitted Leasehold Mortgagee's foreclosure, exercise of the power of sale or deed in lieu of foreclosure or exercise of the power of sale of the Leasehold Estate or other termination of this Lease for the reasons giving rise to such foreclosure, power of sale or deed in lieu of foreclosure, the Landlord shall promptly enter into a new ground lease with New Tenant on substantially the same terms as this Lease.

Foreclosure of any Permitted Leasehold Mortgage, or any sale thereunder, whether by judicial proceedings or by virtue of any power contained in the Permitted Leasehold Mortgage, or in lieu of, foreclosure or other appropriate proceeding in the nature thereof, shall not require the consent of the Landlord or constitute a breach of any provision of, or a default under, this Lease, and upon such foreclosure, sale or conveyance, the Landlord shall recognize the purchaser or other transferee in connection therewith as the tenant under this Lease (the "*New Transferee*"). Following such foreclosure, sale or conveyance in lieu thereof, the tenant shall have the right to further assign or sublet the Leasehold Estate to a third party without the consent or approval of the Landlord. Furthermore, following such foreclosure, or sale or conveyance in lieu thereof, and assignment or sublet to a third party, the Landlord shall provide an automatic release of the New Transferee or Permitted Leasehold Mortgagee from obligations under the foreclosed Lease.

For purposes of this Section 8.3, "*Affiliate*" shall mean any entity, directly or indirectly, controlling or controlled by or under direct or indirect common control with the Landlord. For purposes of this definition, "control" shall mean the ability, whether by the ownership of shares or other equity interests, by contract or otherwise, to elect a majority of the directors of a corporation, to make management decisions on behalf of, or independently to select the managing partner of, a partnership, or otherwise to have the power independently to remove and then select a majority of those individuals exercising managerial authority over an entity and control shall be conclusively presumed in the case of the ownership of 50% or more of the equity interests.

Section 8.4. Obligations of Tenant.

Any tenant acting as tenant pursuant to the second paragraph of Section 8.3 hereof shall only be personally obligated for performance of obligations under this Lease commencing as of the date of the foreclosure, sale or conveyance in lieu of and ending as of the date of any assignment of this Lease to a successor Tenant.

Section 8.5. Voluntary Surrender.

The Landlord shall not accept a voluntary surrender of this Lease at any time during which the Leasehold Estate is encumbered by a Permitted Leasehold Mortgage or prior to the expiration of the Compliance Period for the last building in the Project.

Section 8.6. Attornment.

If any Permitted Leasehold Mortgagee succeeds to the interest of Tenant under this Lease by foreclosure of a Permitted Leasehold Mortgage or by a deed in lieu of foreclosure or otherwise, this Lease shall be recognized as a direct lease from Landlord to such Permitted Leasehold Mortgagee or such Permitted Leasehold Mortgagee's designee, and Landlord and the Permitted Leasehold Mortgagee or its designee shall each be bound to the other under all of the covenants, terms, conditions, and agreements of this Lease and any modifications or amendments thereof approved by the Permitted Leasehold Mortgagee in writing, during the remainder of the term thereof to the same extent as set forth therein, and with the same force and effect as if the Permitted Leasehold Mortgagee were the Tenant named in this Lease. Upon such attornment, Landlord shall waive all defaults by Tenant which occurred prior to the Permitted Leasehold Mortgagee gaining possession of the Premises. Landlord waives all notices, joinder and/or service of any and all foreclosure actions by the Permitted Leasehold Mortgagee with respect to the Premises, and of any actions at law by the Permitted Leasehold Mortgagee to gain possession of the Premises. It shall not be necessary, except as required by law, for the Permitted Leasehold Mortgagee to name Landlord as a party to enforce its rights under the Loan Documents, or to prosecute any action at law to gain possession of the Premises. Notwithstanding anything to the contrary contained herein or in this Lease, Landlord hereby covenants and agrees that any Permitted Leasehold Mortgagee who succeeds to the interest of Tenant under this Lease, and such Permitted Leasehold Mortgagee's successors and assigns, shall not be (i) subject to any offsets or defenses which Landlord might have as to the Tenant, (ii) required to pay Landlord rent or additional rent or any rental period beyond the current rental period which Tenant might have paid to Landlord, or (iii) bound by or required to perform any duty, obligation, covenant, term or agreement of this Lease contained in any amendments or modifications of this Lease which have not been approved by the Permitted Leasehold Mortgagee.

Section 8.7. Approval Rights of Investor Limited Partner.

In the event that a Permitted Leasehold Mortgagee exercises its rights of foreclosure, assignment in lieu of foreclosure, or enters into a new lease on the terms of this Lease, after the expiration of all applicable notice and cure periods, any approval rights that the Investor Limited Partner has under this Lease shall no longer be applicable.

Article 9 Improvements to Premises

Section 9.1. Construction, Renovation or Rehabilitation of Improvements.

9.1.1 *Utilities.* Prior to the commencement of any construction, rehabilitation or excavation activities by the Tenant, the Tenant shall contact all appropriate utility agencies for the purpose of verifying the location, depth and nature of all utilities affecting the Premises and any areas bordering upon the Premises.

9.1.2 *Safety.* The Tenant shall comply in all respects with the overall safety programs promulgated by any applicable governmental or quasi-governmental agency, from time to time, applicable to the Premises.

9.1.3 *Alterations.* Any improvements made to the Premises by either party hereto shall be made only in good and workmanlike manner using new materials of the same quality as the original Improvements, if applicable, and in accordance with all applicable building codes and other laws.

9.1.4 *Permitted Leasehold Mortgages.*

- (a) The Landlord acknowledges and agrees that it will not be possible for the Tenant to construct the Improvements without obtaining a loan or loans from one or more persons or entities in order to finance the construction and/or rehabilitation of said Improvements and the development and operation of the Project. Therefore, the Landlord hereby covenants and agrees that its interest in this Lease and its ownership interest in the Premises are and shall be subject to, subordinate and inferior to any and all loans (interim, permanent, “cash flow”, “soft” or refinancings thereof) obtained by the Tenant for the purpose of financing the construction and/or rehabilitation of the Improvements and the development and operation of the Project, and to the lien of any mortgages (each, a “Permitted Leasehold Mortgage”), assignments of rents and leases, security agreements, and other collateral or security documents or instruments required by the lender or lenders providing such financing, and to all renewals, extensions, modifications, consolidations, replacements and refinancings thereof, and to all advances made or hereafter to be made upon the security of such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments. The Landlord shall, at the Tenant’s request, join in, execute and/or deliver any and all such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments as may be required by such lender or lenders in order to subject and subordinate the Landlord’s interest in this Lease and its ownership interest in the fee simple title to the Property or to otherwise consent to or facilitate the subordination or encumbrance of the Tenant’s interest in this Lease and the Improvements to the lien of such documents or instruments, and upon the Tenant’s request shall join in, execute and/or deliver any and all such further instruments or assurances as any such lender or lenders may reasonably deem necessary to evidence or confirm the subordination of this Lease or the encumbrance of the Landlord’s interest herein and the Landlord’s ownership interest in the Land to the lien of any such mortgages, assignments of rents and leases, security agreements, and other collateral or security documents or instruments; provided, however, and notwithstanding anything contained herein to the contrary, the Landlord shall not be required to suffer, incur, accept or assume any personal liability for any such financing, loans or indebtedness, or any costs or expenses thereof, or any other indebtedness or liability of the Tenant thereunder, and any mortgage, assignments of rents and leases, security agreements, and other collateral or security documents or instruments of any nature whatsoever which the Landlord may be called upon to join in, execute and/or deliver under and pursuant to this Article 9 shall expressly exculpate the Landlord from and against any and all such personal liability.
- (b) The Tenant may, without the Landlord’s consent, assign or mortgage this Lease (including any options it contains) to any Leasehold Mortgagee for the purposes described in subsection 9.1.4(a) above, each a “Permitted Leasehold Mortgagee”. A Permitted Leasehold Mortgagee (and anyone whose title derives from a Permitted Leasehold

Mortgagee) may, without the Landlord's consent, hold a foreclosure sale or exercise its power of sale, take title to this Lease, and transfer or assign this Lease, either in its own name or through a nominee.

- (c) Except: (i) as permitted pursuant to subsections 9.1.4(a) and (b), and (ii) as to the successor to a Permitted Leasehold Mortgagee, neither the Tenant nor any successor in interest to the Premises or any part thereof shall engage in any financing or any other transaction creating any Mortgage or other encumbrance or lien upon the Premises, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to the Premises, except as approved with the prior written consent of the Landlord and the Permitted Leasehold Mortgagees in each instance, which consent may not be unreasonably withheld, condition or delayed in the Landlord's reasonable discretion (any Mortgage consented to as aforesaid is also hereinafter referred to singularly as a Permitted Leasehold Mortgage), and except for an inchoate lien for taxes or municipal obligations, utility and access easements, restrictions required by Sections 42 and 142 of the Code, other encumbrances incurred in the ordinary course of business of the Tenant, and other matters set forth in the Tenant's Policy for title insurance issued by Fidelity National Insurance Company.
- (d) A Permitted Leasehold Mortgagee shall not assume any liability under this Lease except from and after the point at which it becomes mortgagee in possession, takes title to the Premises or becomes or the tenant under a new lease. The Investor Limited Partner's rights hereunder shall terminate when a Permitted Leasehold Mortgagee or the purchaser under a foreclosure, exercise of the power of sale or following a deed in lieu foreclose or exercise of the power of sale becomes the tenant hereunder.
- (e) For clarification purposes and notwithstanding anything to the contrary contained herein, the Tenant shall be permitted to refinance the construction loan at or prior to its maturity on commercially reasonable terms in an amount equal to the then outstanding principal balance of the construction loan, including in connection with the issuance of the governmental note (the "*Refinanced Loan*"), and the Landlord hereby consents to the granting of a mortgage by Tenant of its leasehold interest in the Property for such Refinanced Loan.

Section 9.2. Mechanics' or Other Liens.

9.2.1 The Tenant shall: (a) within sixty (60) days after Tenant receives notice, have released (by bonding, insuring over, or otherwise) any mechanics', materialman's or other lien filed against any or all of the Premises, the Property, by reason of labor or materials provided for or about any or all of the Premises, the Units, or the Improvements or the Property during the Term, or otherwise arising out of the Tenant's use or occupancy of any or all of the Premises, the Units, or the Improvements or the Property, and (b) defend, indemnify and hold harmless the Landlord against and from any and all liability, claim of liability or reasonable expense (including but not limited to that of reasonable attorneys' fees) incurred by the Landlord on account of any such lien or claim other than such liens arising out of the actions of the Landlord or its agents, acting as Landlord.

9.2.2 Nothing in this Lease shall be deemed in any way (a) to constitute the Landlord's

consent or request, express or implied, that any contractor, subcontractor, laborer or materialman provide any labor or materials for any alteration, addition, improvement or repair to any or all of the Property if doing so would give rise to the filing of any mechanic's or materialman's lien against any or all of the Property or the Landlord's estate or interest therein, or (b) to give the Tenant any right, power or authority to contract for or permit to be furnished any service or materials, if doing so would give rise to the filing of any mechanics' or materialmens' lien against any or all of the Property or the Landlord's estate or interest therein, or (c) to evidence the Landlord's consent that the Property be subjected to any such mechanic's or materialman's lien.

9.2.3 Notwithstanding the provisions of subsections 9.2.1 or 9.2.2 of this Lease to the contrary, the Tenant shall not be in default for failure to comply with any Legal Requirement or to pay or discharge any tax, assessment, fine, claim, or mechanic's or materialman's lien asserted against the Property if, and so long as (a) the Tenant shall have notified the Landlord of same within five (5) business days of obtaining knowledge thereof; (b) the Tenant shall diligently and in good faith contest the same by appropriate legal proceedings which shall operate to prevent the enforcement or collection of the same and the sale of the Property or any part thereof, to satisfy the same; and (c) the Tenant complies with all requirements under the Bond Loan Documents and the Taxable Loan Documents necessary to avoid a default thereunder. Upon the discharge and/or dismissal of all tax assessments, fines and liens covered by this Section 9.2, the Landlord shall return any unexpended funds delivered to it by the Tenant to fulfill its obligation under this subsection 9.2.3.

Section 9.3. Fixtures.

Any and all improvements, repairs, alterations and all other property attached to or otherwise installed as a fixture within the Premises by the Landlord or the Tenant shall, immediately on the completion of their installation, become part of the Units and remain with the Units at the expiration or earlier termination of this Lease, except that any machinery, equipment or fixtures installed by the Tenant at no expense to the Landlord and used in the conduct of the Tenant's trade or business (rather than to service the Premises, the Units or the Property generally) and not part of the Equipment shall remain the Tenant's property, and shall be removed from the Premises by the Tenant at the end of the Term (and any damage to the Property caused by such removal shall be repaired at the Tenant's expense). Notwithstanding the foregoing, during the Lease Term all such Equipment, Improvements, alterations and all other property attached to or otherwise installed as a fixture within the Improvements or the Premises by Landlord or Tenant shall be owned by and remain the sole property of Tenant.

Section 9.4. Joinder.

Without limiting Landlord's obligations under any other provision of this Lease, Landlord shall, promptly at Tenant's request and expense at any time during the Term (and provided that Landlord thereby assumes no liability or obligation), join in any and all applications for building permits, subdivision plat approvals or certificates of dedication thereon, public works or other agreements and permits for sewer, water or other utility services, other instruments of dedication or other permits or approvals, the granting of or entry into which by any governmental or quasi-governmental authority having jurisdiction over the Property is necessary to permit (a) the

subdivision, development, improvement, use and occupancy of the Property for the purposes permitted by this Lease, without violating applicable law; and (b) the dedication to the City of Manor, the applicable utility providers, and/or the State of Texas easements for utility, roadway and slope or storm drainage areas or facilities as are, in Tenant's opinion, necessary or desirable in connection therewith. Subject to the provisions of subsection 9.1, Landlord shall, at no expense to Landlord, use its reasonable efforts to cooperate with Tenant in Tenant's efforts to obtain such final approval and recordation. Landlord shall also join in the execution of any Restrictive Covenants that may be required to fulfill the purposes of this Section 9.4.

Section 9.5. Signs.

The Tenant shall have the right to erect from time to time about the Units, in accordance with applicable law, such signs as it desires, and are approved in writing by the Landlord (or as required by the Bond Loan Documents or the Taxable Loan Documents), and provided that any such sign has been approved by all architectural review committees having jurisdiction over any portion of the Property pursuant to any Permitted Encumbrance. Moreover, the Tenant shall erect from time to time, at the Tenant's expense, and upon the request of the Landlord, about the Units, in accordance with applicable law, such signs as the Landlord reasonably desires in order to advise the public of the Landlord's participation in the Project.

Section 9.6. Tenant Control.

Notwithstanding anything to the contrary herein, the Landlord shall have no control over the construction and/or rehabilitation of the Improvements.

Article 10 Repairs and Maintenance

Section 10.1. Repairs.

The Tenant shall, throughout the Term and at its expense, use commercially reasonable efforts, normal wear and tear excepted, to:

10.1.1 take good care of the Property and keep it in good order and condition;
and

10.1.2 promptly make any and all repairs, ordinary or extraordinary, foreseen or unforeseen, to the Property (including but not limited to the landscaping thereon) as are necessary to maintain it in good condition, subject to ordinary wear and tear (including but not limited to any and all such repairs to the plumbing, heating, ventilating, air-conditioning, electrical and other systems for the furnishing of utilities or services to the Property), and replace or renew the same where necessary (using replacements at least equal in quality and usefulness to the original improvements, equipment or things so replaced), and the Landlord shall have no obligation hereunder as to the same.

Section 10.2. Maintenance.

The Tenant shall use commercially reasonable efforts to keep and maintain all of the

Property in a clean and orderly condition, free of accumulation of dirt, rubbish, snow and ice.

Article 11 Landlord's Right of Entry

Section 11.1. Inspection and Repair

Subject to the rights of any Resident under a Tenancy Agreement, the Landlord and its authorized representatives shall be entitled to enter the Project and Units and the rest of the Property (except in the event of an emergency) at any time during the Tenant's business hours and at any other reasonable time upon ten (10) business days' written notice to (a) inspect the Property at any time with such notice and (b) with the prior written consent of the Permitted Leasehold Mortgagees (except in connection with repairs for life and/or safety issues, in which case prompt notice shall be provided to the Permitted Leasehold Mortgagees), and subject to the rights of any tenants, make any repairs thereto and/or take any other action therein which is required by applicable law or which the Landlord is permitted to make by any provision of this Lease, after giving the Tenant at least forty-eight (48) hours' written notice during business days of the Landlord's intention to take such action and allowing the Tenant reasonable time to take the appropriate action (provided, that in any situation in which, due to an emergency or otherwise, the health, welfare or safety of the Residents or physical condition of the Project and Units or any other part of the Property would be unreasonably jeopardized unless the Landlord were to take such action immediately, the Landlord shall give only such notice, if any, to the Tenant as is reasonable under the circumstances, and may enter the same at any time).

Nothing in this Article 11 shall be deemed to impose any duty upon the Landlord to make any such repair or take any such action, and the Landlord's performance thereof shall not constitute a waiver of the Landlord's right hereunder to have the Tenant perform such work. The Landlord may, while taking any such action upon the Property, store therein any and all necessary materials, tools and equipment, and the Tenant shall have no liability to the Landlord for any damage to or destruction of any such materials, tools and equipment, except if and to the extent that such damage or destruction is proximately caused by the gross negligence or intentional misconduct of the Tenant or its agents and employees. The Landlord shall not in any event be liable to the Tenant for any inconvenience, annoyance, disturbance, loss of business or other damage sustained by the Tenant by reason of the making of such repairs or the taking of such action, or on account of the bringing of materials, supplies and equipment onto the Property during the course thereof (except if and to the extent the same is proximately caused by the gross negligence or willful misconduct of Landlord or Landlord Related Party), and the Tenant's obligations under the provisions of this Lease shall not be affected thereby. In exercising its rights under this Section 11.1, the Landlord shall not cause or allow any interference or disruption of the Tenant's work or the Tenant's use, operation or enjoyment of the Property, or that of any Resident.

Section 11.2. Exhibiting the Premises.

The Landlord and its business invitees may from time to time, after giving at least ten (10) business days' written notice thereof to the Tenant, and subject to the rights of any Resident under a Tenancy Agreement, enter the Project and the Units and the rest of the Property during the Tenant's normal business hours to exhibit the Premises for purposes of (a) during the last twenty-four (24) months of the Term (or at any time after the Landlord or the Tenant has exercised any

right to terminate this Lease which it holds hereunder), leasing the Premises to any prospective tenant thereof and (b) exhibiting the same to any governmental and/or quasi-governmental authorities or other third-parties which may have an interest in developments similar to the Property or similarly financed or for any other business purpose; provided that in doing so the Landlord and each such invitee observes all reasonable safety standards and procedures which the Tenant may require. In exercising its rights under this Section 11.2, the Landlord shall use its good faith, reasonable efforts to minimize any interference or disruption of the Tenant's work or the Tenant's use or operation of the Property, or that of any residential tenant.

Article 12 Fire and Other Casualties

Section 12.1. Restoration.

Application of Insurance Proceeds. All insurance proceeds (other than any proceeds which are separately paid on account of any damage to or destruction of the Tenant's personal property, inventory or work-in-process, all of which shall be paid to the Tenant) payable as a result of such casualty under policies of insurance held by or for the account of the Tenant pursuant to Article 7 hereof against such casualty and received by the Tenant or the Depository, as the case may be (less such reasonable attorneys' fees or other expenses as are incurred by the Depository, the Landlord or the Tenant in the collection thereof, which shall be paid out of such proceeds), shall be paid to the most senior Permitted Leasehold Mortgagee or a trustee it designates, to be used first to restore the Improvements or otherwise in accordance with the applicable Bond Loan Documents, the Taxable Loan Documents, or any loan documents then in place. Any remainder shall be disbursed to the Tenant. In the case of a casualty, this Lease shall continue.

12.1.2 Application of Proceeds on Termination. Anything in this Lease to the contrary notwithstanding, upon the expiration or earlier termination of this Lease before such restoration is completed free and clear of any liens, any insurance proceeds not theretofore applied to the cost of such restoration or disbursed to Permitted Leasehold Mortgagees (the most senior Permitted Leasehold Mortgagee being entitled to proceeds first) shall be paid to the Tenant to the extent permitted by the Mortgages.

Section 12.2. No Termination.

Subject to Section 12.5 below, no total or partial damage to or destruction of any or all of the Property shall entitle the Tenant or the Landlord to surrender or terminate this Lease, or shall relieve the Tenant from its liability hereunder to pay in full all the sums and charges which are payable by the Tenant hereunder, or from any of its other obligations hereunder, and the Tenant hereby waives any right now or hereafter conferred upon it by statute or otherwise, on account of any such damage or destruction, to surrender this Lease, to quit or surrender any or all of the Property, or to have any suspension, diminution, abatement or reduction of the sums payable by the Tenant hereunder (except that, if and to the extent that the Landlord has, on account of any such sum, received for its own account the proceeds of any rent insurance pursuant to the provisions of this Lease, the Tenant shall be entitled to a credit therefor against its obligations hereunder to pay such Rent and other sums, by applying such credit toward the unpaid sums in the order in which they fall due hereunder).

Section 12.3. Rights of the Parties Under the Bond Loan Documents.

Notwithstanding anything herein to the contrary, for so long as the Bond Loan is in effect, the Bond Loan Documents shall control the use and application of all casualty proceeds relating to the Property. In any event, the Tenant and the Permitted Leasehold Mortgagee will participate in any proposed settlement.

Section 12.4. Notice.

The Landlord will provide reasonable prior notice to Permitted Leasehold Mortgagees, the Limited Partners and the Tenant of any proceeding for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit the Permitted Leasehold Mortgagees, the Limited Partners and the Tenant to participate therein as interested parties.

Section 12.5. Termination Upon Non-Restoration.

Following a casualty, this Lease may be terminated by the Tenant, with the prior written consent of the Permitted Leasehold Mortgagee, Guarantor (if prior to the Guaranty Date), and the Limited Partners, if such casualty prevents the use and operation of Improvements as a low-income or moderate-income development under Section 42 of the Code or if the insurance proceeds made available to the Tenant are insufficient to restore the Improvements to a condition substantially similar to the conditions existing prior to such casualty.

Article 13 Condemnation

Section 13.1. Notice of Taking.

Forthwith upon receipt by either the Landlord or the Tenant of notice of the institution of any proceedings for the taking or condemnation of all or a portion of the Property or Improvements by the government of the United States of America, State of Texas, County of Travis or any other governmental authority, or any corporation under the right of eminent domain (a "Taking"), the party receiving such notice shall promptly give notice thereof to the other, and such other party may also appear in such proceeding and be represented by counsel, who may be counsel for the party receiving such notice.

Section 13.2. Condemnation Awards.

The Tenant's share of any condemnation award shall be no less than the total condemnation award less the value of the Landlord's remainder interest in the Premises, considered as if unimproved but encumbered by this Lease and the Permitted Leasehold Mortgages. To the extent that the Tenant is entitled to any condemnation award, it shall be paid to the most senior Permitted Leasehold Mortgagee to be used first to restore the Improvements or otherwise in accordance with the applicable Mortgage, as determined by such Permitted Leasehold Mortgagee.

Section 13.3. Total Taking.

Subject to the provisions of Section 13.8 hereof, in the event of a permanent Taking of the fee title to or of control of the Premises or of the entire Leasehold Estate hereunder (a “Total Taking”), this Lease shall thereupon terminate as of the effective date if such Total Taking, without liability or further recourse to the parties, provided that Tenant’s share of the proceeds will be determined in accordance with Section 13.2 hereof, with due credit given for any pre-payment of Rent.

Section 13.4. Partial Taking.

Subject to the provisions of Section 13.8 hereof, in the event of a partial condemnation (a “Partial Taking”), this Lease shall continue. Any condemnation award shall be paid to the most senior Permitted Leasehold Mortgagee or a trustee it designates, to be used first to restore the Improvements or otherwise in accordance with the applicable Bond Loan Documents or the Mortgage. Any remainder shall be disbursed to the Tenant.

Section 13.5. Notice.

The Landlord will provide reasonable prior notice to Permitted Leasehold Mortgagees, the Limited Partners and the Tenant of any proceeding for adjustment or adjudication of any insurance or condemnation claim involving the Premises and will permit the Permitted Leasehold Mortgagees, the Limited Partners, Guarantor (if prior to the Guaranty Date), Class B Limited Partner, and the Tenant to participate therein as interested parties.

Section 13.6. Termination upon Non-Restoration.

Following a Partial Taking, this Lease may be terminated by the Tenant, with the prior written consent of the Permitted Leasehold Mortgagee, Guarantor (if prior to the Guaranty Date) and the Limited Partner, if such Partial Taking prevents the use and operation of Improvements as a low-income or moderate-income development under Section 42 of the Code or if the proceeds made available to the Tenant are insufficient to restore the Improvements to a condition substantially similar to the conditions existing prior to such Partial Taking.

Section 13.7. No Waiver.

No provisions in this Lease shall limit the rights of either the Landlord or the Tenant to seek compensation from a condemning authority as provided by statute, common law, the State of Texas or the United States Constitution.

Section 13.8. Rights of the Parties Under the Bond Loan Documents.

Notwithstanding anything herein to the contrary, for so long as a Mortgage is in effect, the Mortgage documents shall control the use and application of all condemnation proceeds relating to the Property and, as applicable, the Lease termination provisions hereunder. In any event, the Tenant, the Limited Partners and the Permitted Leasehold Mortgagee shall participate in all

settlements. The parties acknowledge and agree that any condemnation award or payment to the Permitted Leasehold Mortgagee must be not less than the total award minus the value of the land that was taken pursuant to the Taking (considered as unimproved, but encumbered by this Lease).

Article 14 Assignment and Subletting

Section 14.1. Limits on Transfers.

Subject to the provisions of subsection 9.1.4 hereof, the Tenant hereby acknowledges that the Landlord has entered into this Lease because of the Tenant's financial strength, goodwill, ability and expertise and that, accordingly, this Lease is one which is personal to the Tenant, and the Tenant agrees for itself and its successors and assigns in interest hereunder that, subject to rights and remedies of Permitted Leasehold Mortgagees, it will not, other than by the Mortgage and rentals made in accordance with Section 19.15 hereof (a) assign this Lease or any of its rights under this Lease as to all or any portion of the Premises, the Units, the rest of the Improvements, the Equipment or the Property generally or (b) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Premises, the Units, the rest of the Improvements, the Equipment or the Property or the occupancy or use thereof, other than in accordance with LIHTC Housing Requirements, and this Lease, or pursuant to a foreclosure or deed-in-lieu thereof of a Permitted Leasehold Mortgagee, (each of which is hereinafter referred to as a "Transfer"), without first obtaining the Landlord's express written consent thereto (which consent will not be unreasonably withheld, delayed or conditioned). Further notwithstanding anything to the contrary herein, during the term of this Lease, the Landlord shall not transfer, encumber or otherwise dispose of the Premises or any interest therein without the consent of the Tenant, Guarantor (until the Guaranty Date), the Limited Partners and the Permitted Leasehold Mortgagee.

Section 14.2. Permitted Transfers.

Notwithstanding anything to the contrary set forth elsewhere in this Lease, (i) any transfer of a general partner or other partnership interest, directly or indirectly, in the Tenant in accordance with the terms of the Partnership Agreement or (ii) any transfer by way of the Permitted Leasehold Mortgages, shall be a permitted Transfer hereunder and shall not require the Landlord's consent, and any transfer, in whole or in part, of the Property or the Leasehold Estate in accordance with the Partnership Agreement, any Permitted Leasehold Mortgage or any transfers permitted thereunder, and any LURA between the Texas Department of Housing and Community Affairs and the Tenant, any transfer in the ordinary course of business including, without limitation, any residential lease and any utility and access easement, any transfer required by LIHTC Housing Requirements, and any right of first refusal under Section 42(i)(7) of the Code or otherwise given to the Landlord and any transfer pursuant to the purchase option granted to the General Partner or Class B Limited Partner shall be a permitted Transfer hereunder and shall not require the Landlord's consent.

For the avoidance of doubt, (i) Landlord approves the admission of the Limited Partners as limited partners of Tenant, (ii) Landlord's consent shall not be required for the transfer of the Partners' interests in the Tenant if such transfer is allowed by the Partnership Agreement, and (iii)

Landlord acknowledges the right of the Investor Limited Partner under the Partnership Agreement to remove the General Partner or Class B Limited Partner of Tenant and to designate a substitute General Partner or Class B Limited Partner of Tenant in accordance with the terms of the Partnership Agreement and pursuant to the terms of any pledge or security agreement between the General Partner, Class B Limited Partner and Investor Limited Partner, without Landlord's consent. Further, notwithstanding anything to the contrary herein, during the Term of this Lease, the Landlord shall not transfer, encumber or otherwise dispose of the Premises or any interest therein to any non-affiliate Persons without the consent of the Tenant, Limited Partners and Permitted Leasehold Mortgagee(s).

Section 14.3. Effect on Obligations.

Except as set forth in Section 19.19 hereof, no such Transfer shall alter or impair the obligations hereunder of the Tenant or any other person constituting the Tenant or holding any interest hereunder before any such Transfer.

Section 14.4. Benefit and Burden.

Subject to the foregoing provisions of this Article 14, this Lease shall be binding on and inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns in interest hereunder.

Section 14.5. Prohibited Transfers.

Except to the extent specifically provided herein, Tenant agrees for itself and its successors and assigns in interest hereunder that it will not, other than pursuant to any Permitted Leasehold Mortgages that are approved by Landlord and the exercise of remedies by any Permitted Leasehold Mortgagee thereunder: (1) assign this Lease or any of its rights under this Lease as to all or any portion of the Premises or the rest of the Improvements, or (2) make or permit any voluntary or involuntary total or partial sale, lease, assignment, conveyance, mortgage, pledge, encumbrance or other transfer of any or all of the Premises or the rest of the Improvements or the occupancy or use thereof, other than in accordance with the this Lease (including but not limited to (i) any sale at foreclosure or by the execution of any judgment of any or all of Tenant's rights hereunder, or (ii) any Transfer by operation of law), without first obtaining Landlord's and the U.S. Department of Housing and Urban Development's (if required) express written consent thereto. Notwithstanding the foregoing, Tenant shall have the right to transfer non-general partner interests within Tenant, or to transfer general partner interests pursuant to any removal or option provisions of Tenant's organizational documents, both without Landlord's consent, and any such transfer shall not (i) be an event of default hereunder, or (ii) entitle Landlord to raise the rent hereunder or impose any transfer fee, provided that such sale transfer or pledge complies with any such Housing Assistance Program contract applicable to the Premises.

Article 15 Default

Section 15.1. Definition.

As used in this Lease, and subject to the expiration of all applicable notice, grace, and cure periods herein set forth, including without limitation those set forth in Section 15.2 below, each of the following events shall constitute an “Event of Default”:

- (a) to pay any Rent or other sum which it is obligated to pay under this Lease, when and as it is due and payable hereunder or
- (b) to perform any of its obligations under this Lease, including an obligation to construct the Improvements in the manner contemplated hereunder.

Section 15.2. Notice to Tenant; Grace Period.

15.2.1 *Notice and Opportunity to Cure.* Anything in this Article 15 to the contrary notwithstanding, if an Event of Default occurs (a) the Landlord shall not exercise any right or remedy on account thereof which it holds under this Lease or applicable law unless and until the Landlord shall so notify, simultaneously and in writing, the Tenant, Guarantor (until the Guaranty Date), the Class B Limited Partner, the Limited Partners and all Permitted Leasehold Mortgagees (the “Notice”) and each shall have the right to cure such Event of Default as follows: (i) within thirty (30) days after the Notice if the Event of Default consists of failure to pay money, and (ii) within ninety (90) days after the Notice if the Event of Default consists of something other than a failure to pay money; and (b) the Landlord shall not terminate this Lease for the Tenant’s default unless and until the Landlord has given the Tenant, Guarantor (until the Guaranty Date), the Class B Limited Partner, the Limited Partners and all Permitted Leasehold Mortgagees and the Limited Partners notice of such Event of Default and ninety (90) days in addition to any applicable cure period given the Tenant in which to cure it. If it cannot be reasonably cured within ninety (90) days, then each of the Tenant, Guarantor (until the Guaranty Date), the Class B Limited Partner, the Limited Partners and all Permitted Leasehold Mortgagees or the Limited Partners shall have such additional time as it shall reasonably require, so long as the Permitted Leasehold Mortgagee or the Limited Partners are proceeding with reasonable diligence. For any Event of Default that cannot be cured without possession of the Premises, the Landlord shall allow such additional time as the Permitted Leasehold Mortgagee shall reasonably require to prosecute and complete a foreclosure or equivalent proceeding and obtain such possession including time to obtain relief from a Bankruptcy stay in the Tenant’s Bankruptcy. If a Permitted Leasehold Mortgagee and/or a Limited Partner completes a foreclosure of this Lease or otherwise diligently exercises its rights and remedies hereunder or obtains a new lease pursuant to Section 8.3 hereof, then the Landlord shall waive any Events of Default which cannot reasonably be cured by the Tenant, Guarantor (until the Guaranty Date), the Class B Limited Partner, the Limited Partners and all Permitted Leasehold Mortgagees as applicable. It is expressly agreed that any right of Landlord to terminate the Lease is subject to and limited by the further provisions of this Article 15.

15.2.2 Reserved.

15.2.3 No such notice shall be required to be given by the Landlord other than to the Tenant, Guarantor (until the Guaranty Date), the Class B Limited Partner, the Limited Partners and all Permitted Leasehold Mortgagees (except for billing notices), and the Tenant shall be entitled to no such grace period, (i) in any emergency situation in which, in the Landlord’s judgment, it is necessary for the Landlord to act to cure such Event of Default without giving such notice, or (ii)

if the Tenant has substantially terminated or is in the process of substantially terminating its continuous occupancy and use of the Premises for the purpose set forth in Article 5 hereof (including remaining in compliance with LIHTC Housing Requirements).

15.2.4 Notwithstanding any provision of this Lease to the contrary, the Landlord shall take no action with respect to a particular Event of Default, including without limitation exercising any remedies under this Lease, if the Landlord or any of its affiliates is or controls the General Partner of the Tenant and such Event of Default is attributable to an action of the Landlord or an affiliate of the Landlord in its capacity as General Partner of the Tenant.

Section 15.3. Landlord's Rights on Event of Default.

15.3.1 If an Event of Default occurs and continues beyond the applicable notice and cure periods, the Landlord may (subject to the provisions of Section 15.2 hereof) take any or all of the following actions:

- (a) subject to all Legal Requirements and any residential tenant agreements, reenter and repossess any or all of the Premises and any or all Improvements thereon and additions thereto; and/or
- (b) with the consent of all Permitted Leasehold Mortgagees and the Limited Partners, terminate this Lease by giving written notice of such termination to the Tenant, which termination shall be effective as of the date of such notice or any later date therefor specified by the Landlord therein (provided, that without limiting the generality of the foregoing provisions of this subsection 15.3.1(b) hereof, the Landlord shall not be deemed to have accepted any abandonment or surrender by the Tenant of any or all of the Premises or the Tenant's Leasehold Estate under this Lease unless the Landlord has so advised the Tenant expressly and in writing, regardless of whether the Landlord has reentered or relet any or all of the Premises or exercised any or all of the Landlord's other rights under this Article 15 or applicable law); and, on the date specified in such notice, the Tenant's right to possession of the Property will cease and the Leasehold Estate conveyed by this Lease upon the Tenant shall revert in the Landlord, provided, however, such reversion of the Leasehold Estate and the reentry by the Landlord shall be subject to and limited by and shall not defeat, render invalid or limit in any way the lien of any Permitted Leasehold Mortgage or any provision of LIHTC Housing Requirements; and/or
- (c) in the Landlord's own name (but either (i) as agent for the Tenant, if this Lease has not then been terminated, or (ii) for the benefit of the Tenant, if this Lease has then been terminated), relet any or all of the Premises, with or without any additional premises, for any or all of the remainder of the Term (or, if this Lease has then been terminated, for any or all of the period which would, but for such termination, have constituted the remainder of the Term) or for a period exceeding such remainder, on such terms and subject to such conditions as are acceptable to the Landlord in its reasonable discretion, and if this Lease has then been terminated, damages equaling the respective amounts of such installments of any Rent which would have accrued during such remainder, had this Lease not been terminated), less any monies received by the Landlord with respect to such remainder from

such reletting of any or all of the Premises, plus (ii) the reasonable cost to the Landlord of any such reletting (including but not limited to any reasonable attorneys' fees, leasing or brokerage commissions, repair or improvement expenses and the expense of any other actions taken in connection with such reletting), plus (iii) any other sums for which the Tenant is liable under subsection 15.3.4 hereof (and the Tenant hereby waives any and all rights which it may have under applicable law, the exercise of which would be inconsistent with this subsection 15.3.1(c) hereof); and/or

- (d) enforce any one or more of the LIHTC Housing Requirements; and/or
- (e) cure such Event of Default in any other manner; and/or
- (f) with the consent of all Permitted Leasehold Mortgagees, pursue any combination of such remedies and/or any other right or remedy available to the Landlord on account of such Event of Default under this Lease and/or at law or in equity.

Nothing herein shall limit or prejudice the Landlord's right to prove for and obtain as damages, by reason of such termination, an amount equal to the maximum allowed by any statute or rule of law in effect at the time when, and governing the proceedings in which, such damages are to be proved.

15.3.2 No such expiration or termination of this Lease, or summary dispossession proceedings, abandonment, reletting, bankruptcy, re-entry by the Landlord or vacancy, shall relieve the Tenant of any of its liabilities and obligations under this Lease (whether or not any or all of the Premises are relet), and the Tenant shall remain liable to the Landlord for all damages resulting from any Event of Default, including but not limited to any damage resulting from the breach by the Tenant of any of its obligations under this Lease to pay Rent and any other sums which the Tenant is obligated to pay hereunder.

15.3.3 If any or all of the Premises are relet by the Landlord for any or all of the unexpired Term of this Lease, the amount of rent reserved upon such reletting shall be deemed to be the fair and reasonable rental value for the part or the whole of the Premises so relet during the term of the reletting.

15.3.4 If an Event of Default occurs and continues beyond all applicable notice grace and cure periods, the Tenant shall, immediately on its receipt of a written demand therefor from the Landlord, reimburse the Landlord for (a) all reasonable expenses (including but not limited to any and all reasonable repossession costs, management expenses, operating expenses, legal expenses and reasonable attorneys' fees) incurred by the Landlord and detailed in such written demand (i) in curing or seeking to cure any Event of Default and/or (ii) in exercising or seeking to exercise any of the Landlord's rights and remedies under this Lease and/or at law or in equity on account of any Event of Default, and/or (iii) otherwise arising out of any Event of Default, plus (b) interest on all such expenses, at the lesser of the Prime Rate plus four percent (4%) or the highest rate then permitted on account thereof by applicable law, all of which expenses and interest shall be payable by the Tenant immediately on receipt of demand therefor by the Landlord.

15.3.5 Intentionally Omitted.

15.3.6 Notwithstanding anything contained in this Lease to the contrary (except for subsection 15.2.4), the Landlord agrees that at any time during the period between the Commencement Date and the date that is the later of (i) the expiration of the Compliance Period and extended use period described in Section 42 of the Code, and (ii) the parties identified in Section 1.1 hereof as comprising the Investor Limited Partner and Special Limited Partner are no longer limited partners of the Tenant, the Landlord shall not exercise any of its remedies under this Lease, other than to specifically enforce the Tenant's obligation to comply with Article 5 and Section 7.5 hereof, and this Lease shall not be terminated without the prior written consent of the Investor Limited Partner and the applicable Permitted Leasehold Mortgagee(s).

15.3.7 Notwithstanding anything contained in this Lease to the contrary, the Landlord agrees that at any time a Permitted Leasehold Mortgage(s) encumbers the Property, the Landlord shall not exercise any of its remedies under this Lease other than to specifically enforce the Tenant's obligation to comply with Article 45 and Section 6.5 hereof, and this Lease shall not be terminated without the prior written consent of the applicable Permitted Leasehold Mortgagee(s).

15.3.8 The Landlord shall not be permitted to exercise any right or remedy against the Tenant, where the circumstance giving rise to each right or remedy resulted from an act or omission of the Landlord (or Landlord's affiliates) or the General Partner of the Tenant or where the same would cause a default under any of the Bond Loan Documents, the Taxable Loan Documents or loan documents then in place, to which the Tenant or the Property is subject or the Partnership Agreement.

15.3.9 Landlord agrees that its rights under this Lease upon the occurrence of an Event of Default by Tenant are subject and subordinate, automatically and without acknowledgment or agreement, to any Permitted Leasehold Mortgagee's rights under this Lease and under the Loan Documents, including, without limitation, all rights of Landlord set forth in this Section 15.3.

Section 15.4. Landlord Event of Default.

The Landlord shall be deemed in default of its obligations under this Lease if the Landlord shall fail to perform, in a timely manner in accordance with the terms of this Lease, any obligation under this Lease required to be performed by the Landlord, or if any Landlord representation made herein is false in any material respect, or Landlord is the subject of a bankruptcy proceeding under the U.S. Bankruptcy Code (each a "Landlord Event of Default"). If a Landlord Event of Default shall continue for thirty (30) days after written notice of such Landlord Event of Default from the Tenant, the Landlord shall be permitted an additional period as may be reasonably required to cure such Landlord Event of Default if the same may not be reasonably cured within thirty (30) days so long as the Landlord commences such cure within ten (10) days after notice thereof and thereafter diligently prosecutes the same to completion, but in any event such cure must be completed to the Tenant's reasonable satisfaction within ninety (90) days of the Tenant's notice to the Landlord subject to the parties' mutual agreement to extend such time period and subject to delays caused directly by force majeure, or Acts of God, and matters outside the reasonable control of the Landlord so long as the Landlord has acted diligently, with dispatch, and in good faith to

prevent or shorten any such delays. In no event shall the Landlord be entitled to any cure period for any failure to repay the Rent under the terms and conditions set forth in subsection 4.1.1 hereof. If the Landlord fails to complete such cure as provided above, then subject to the provisions of any Permitted Leasehold Mortgage, the Tenant shall thereupon be entitled to exercise any and all remedies available to the Tenant for such default under this Lease or at law or in equity. Without waiving or limiting any other remedies available to the Tenant, upon such default by the Landlord (and subject to the notice and cure rights of the Landlord), the Tenant shall be entitled (but not obligated) to perform or cause such obligations to be so performed on behalf of the Landlord, and the Landlord shall reimburse the Tenant for its reasonable third party out-of-pocket costs and expenses incurred by the Tenant in doing so, which amount shall be due within thirty (30) days of the Landlord's receipt of a written statement of the costs and expenses so incurred by the Tenant. In the event the Landlord or a creditor thereof files a petition for relief naming the Landlord as a debtor under Title 11 of the United States Code, the Landlord hereby acknowledges and agrees that the Tenant's possessory interest under this Lease and ownership of the Improvements are unique interests and cannot be converted into a cash claim under Section 363 of Title 11 of the United States Code unless the Tenant expressly consents to the same. Notwithstanding the foregoing, during the term of any Permitted Leasehold Mortgage, Tenant shall not terminate this Lease in the event of the Landlord's bankruptcy under Section 365(h)(A)(i) of Chapter 11 of the U.S. Bankruptcy Code, without the prior written consent of the Permitted Leasehold Mortgagees and any termination without the prior written consent of the Permitted Leasehold Mortgagees shall be deemed void ab initio. Notwithstanding anything to the contrary in this provision, Tenant may not terminate this Lease without the consent of the Investor Limited Partner and the Permitted Leasehold Mortgagees during the Compliance Period.

Article 16 Estoppel Certificate; Short Form

Section 16.1. Estoppel Certificate.

Each party hereto shall, at any time and from time to time within ten (10) days after being requested to do so by the other party and/or any Permitted Leasehold Mortgagee or Limited Partner in writing, execute, acknowledge, and address and deliver to the requesting party (or, at the latter's request, to any existing or prospective Mortgagee, transferee or other assignee of the requesting party's interest in the Property or under this Lease which acquires such interest in accordance with this Lease) a certificate in recordable form:

16.1.1 Certifying (a) that this Lease is unmodified and in full force and effect (or, if there has been any modification thereof, that it is in full force and effect as so modified, stating therein the nature of such modification); (b) that the Tenant has accepted possession of the Premises, and the date on which the Term commenced; (c) as to the dates to which Rent and other charges arising hereunder have been paid; (d) as to the amount of any prepaid Rent or any credit due to the Tenant hereunder; (e) as to whether, to the best of such party's knowledge, information and belief, the requesting party is then in default in performing any of its obligations hereunder (and, if so, specifying the nature of each such default); and (f) as to any other fact or condition reasonably requested by the requesting party; and

16.1.2 acknowledging and agreeing that any statement contained in such certificate may

be relied upon by the requesting party and any such other addressee.

Section 16.2. Short Form.

The parties hereto shall, at the request of the Landlord, the Tenant or any Mortgagee, execute, enseat, acknowledge and deliver simultaneously with the execution of this Lease or at any time hereafter, in recordable form, a short form thereof (in form and substance satisfactory to each party hereto in its reasonable judgment) for recordation among the said Land Records at the expense of the person so requesting.

Section 16.3. Estoppel Certificates (Permitted Leasehold Mortgagees).

The Landlord shall, upon request by any Permitted Leasehold Mortgagee or the Investor Limited Partner, in form and content satisfactory to the requesting Permitted Leasehold Mortgagee or Investor Limited Partner, certify in writing that this Lease is in full force and effect, whether this Lease has been amended, that to the Landlord's knowledge the Tenant is not in default, and the date through which Rent has been paid, or any other item reasonably requested.

Article 17 Conditions of Title and Premises

Section 17.1. Limited Warranties.

The Tenant hereby acknowledges that it has examined the Premises, the title thereto, zoning which may be applicable thereto, if any, the municipal parking ordinance, the streets, sidewalks, parking areas, curbs and access ways adjoining them, any surface and subsurface conditions thereof, and the present uses and nonuses thereof, if any, and that it accepts each of them in its present condition or state, without restriction, representation, covenant or (except as is set forth in Section 17.2 hereof) warranty, express or implied, in fact or at law, by the Landlord or any other person, and without recourse to the Landlord, as to any appurtenances thereto, the nature, condition or usability thereof, or the uses to which any or all of the Property may be put.

Section 17.2. Quiet Enjoyment.

The Landlord hereby,

17.2.1 represents, warrants, covenants and agrees that, at the time of the execution and delivery of this Lease by the parties hereto, it (a) is the owner of the Fee Estate, subject to the operation and effect of and only of the Permitted Encumbrances and that it has no knowledge of any claim or demand contesting or impairing its interests in the Fee Estate, (b) has the full right, power and authority to enter into this Lease and thereby to lease the Premises, and (c) is not aware of any action, suit, or notice or threat of any action or suit that could prevent Landlord's execution or performance of this Lease or prevent Tenant's ability to construct, develop and operate the Project; and

17.2.2 warrants that the Tenant will have quiet and peaceful possession of the Premises during the Term so long as all of the Tenant's obligations hereunder are timely performed, except

if and to the extent that such possession is terminated pursuant to Articles 12 or 13 or any other provision of this Lease.

Section 17.3. Limitation on Liability.

Nothing in this Lease shall be deemed to impose on the Landlord any liability on account of any act or failure to act by any person other than the Landlord (or, where expressly so provided herein, the Landlord's affiliates, agents and employees). Notwithstanding anything to the contrary in this Lease, the Tenant shall not be liable under this Lease except to the extent of its ownership interest in the Property.

Section 17.4. Title to Personal Property.

Landlord hereby waives any landlord's lien it might hold, statutory, constitutional, contractual or otherwise, in any personal property owned or leased by Tenant and now or hereafter located in the Premises. If so requested by Tenant, Landlord shall execute a waiver of any right, title or interest or right to seize any of Tenant's personal property on the Premises that may be subject to a lien or security interest in favor of Permitted Leasehold Mortgagee or a seller of Tenant's personal property or creditor holding a security interest in such personal property.

Article 18 Notices

Any notice, demand, consent, approval, request or other communication or document to be provided hereunder to the Landlord or the Tenant (a) shall be in writing, and (b) shall be deemed to have been provided on the earlier of (i) (1) five (5) business days after being sent as certified or registered mail with the United States Postal Service, postage prepaid, return receipt requested, or (2) the next business day after having been deposited (in time for delivery by such service on such business day) with Federal Express or another national courier service, or (3) (if such party's receipt thereof is acknowledged in writing) upon having been sent by telefax or another means of immediate electronic communication, in each case to the address of such party as such party may designate from time to time by notice to each other party hereto, or (ii) (if such party's receipt thereof is acknowledged in writing) its having been given by hand or other actual delivery to such party.

Any notice required or permitted to be given under this Lease shall be deemed given if provided in accordance with the foregoing paragraph of this Article 18; provided, however, that any party may change its address for notice purposes by timely notice to the other party.

Landlord:

Manor Housing Public Facility Corporation
105 E Eggleston Street
Manor, Texas 78653
Attention: City Manager

With copy to:

Bickerstaff Heath Delgado Acosta LLP
1601 S. MoPac Expressway, Suite C400
Austin, Texas 78746
Attention: Gregory Miller

Tenant:

Manor Leased Housing Associates I, Limited Partnership
c/o Dominion Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Neal Route

With copy to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Jeffrey Drennan

All notices herein to be given to the Tenant shall be copied to the following:

Investor Limited Partner:

RBC Community Investments, LLC
600 Superior Avenue, Suite 2300
Cleveland, OH 44114
Attn: President and General Counsel

With a copy to:

Nixon Peabody LLP
Exchange Place
53 State Street
Boston, MA 02109
Attn: Roger W. Holmes

The Landlord shall forward copies of any notices, demands, consents, approvals, requests and other communication and documents (other than Rent and other periodic billing notices) that are sent to the Tenant to the Permitted Leasehold Mortgagee and the Limited Partners. No notice given by the Landlord shall be effective against a Permitted Leasehold Mortgagee or the Limited Partners unless the Landlord has given a copy of the notice to such Permitted Leasehold Mortgagee and the Limited Partners.

Article 19 General

Section 19.1. Effectiveness.

This Lease shall become effective on and only on its execution and delivery by each party hereto.

Section 19.2. Complete Understanding.

This Lease represents the complete understanding between the parties hereto as to the subject matter hereof, the Premises, the Units, the rest of the Improvements, the Equipment, or the rest of the Property, and the rights and obligations of the parties hereto as to the same, and supersedes all prior negotiations, representations, guaranties, warranties, promises, statements or agreements, either written or oral, between the parties hereto as to the same. No inducements, representations, understandings or agreements have been made or relied upon in the making of this Lease, except those specifically set forth in this Lease. Neither party hereto has any right to rely on any other prior or contemporaneous representation made by anyone concerning this Lease which is not set forth herein.

Section 19.3. Amendment.

This Lease may be amended, modified, restated or supplemented by and only by an instrument executed and delivered by each party hereto, and only with the prior written consent of any Permitted Leasehold Mortgagee, the Guarantor (until the Guaranty Date), the Class B Limited Partner and the Investor Limited Partner (until the end of the Compliance Period).

Section 19.4. Waiver.

No party hereto shall be deemed to have waived the exercise of any right which it holds hereunder unless such waiver is made expressly and in writing (and, without limiting the generality of the foregoing, no delay or omission by any party hereto in exercising any such right shall be deemed a waiver of its future exercise). No such waiver made in any instance involving the exercise of any such right shall be deemed a waiver as to any other such instance, or any other such right. Without limiting the generality of the foregoing, no action taken or not taken by the Landlord under this Article 19 or any other provision of this Lease (including but not limited to the Landlord's acceptance of the payment of Rent after an Event of Default occurs) shall operate as a waiver of any right to be paid a late charge or of any other right or remedy which the Landlord would otherwise have against the Tenant on account of such Event of Default under this Lease or applicable law (the Tenant hereby acknowledging that, in the interest of maintenance of good relations between the Landlord and the Tenant, there may be instances in which the Landlord chooses not immediately to exercise some or all of its rights if an Event of Default occurs).

Section 19.5. Applicable Law.

This Lease shall be given effect and construed by application of the law of the State of

Texas, including its statutes of limitations and repose, without regard to its conflicts of law principles. Any action or proceeding arising hereunder shall be brought in the courts of the State of Texas. Exclusive venue shall be in a court of competent jurisdiction in Travis County, Texas.

Section 19.6. Time of Essence.

Time shall be of the essence of this Lease, except that, whenever the last day for the exercise of any right or the discharge of any obligation hereunder falls on a Saturday, Sunday or statutory holiday, the party having such right or obligation shall have until 5:00 p.m. Central Time on the next succeeding day which is not a Saturday, Sunday or statutory holiday to exercise such right or discharge such obligation.

Section 19.7. Headings.

The headings of the Articles, Sections, subsections, paragraphs and subparagraphs hereof are provided herein for and only for convenience of reference, and shall not be considered in construing their contents.

Section 19.8. Construction.

As used herein, all references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well, and (c) to any Article, Section, subsection, paragraph or subparagraph shall be deemed, unless otherwise expressly indicated, to have been made to such Article, Section, subsection, paragraph or subparagraph of this Lease. The Parties agree that, when interpreting this Lease, there shall be no presumption against any Party on account of the fact that such Party is the party that caused the drafting of this Lease.

Section 19.9. Exhibits.

Each writing or plat referred to herein as being attached hereto as an exhibit or otherwise designated herein as an exhibit hereto is hereby made a part hereof.

Section 19.10. Severability.

No determination by any court, governmental or administrative body or agency or otherwise that any provision of this Lease or any amendment hereof is invalid or unenforceable in any instance shall affect the validity or enforceability of (a) any other such provision, or (b) such provision in any circumstance not controlled by such determination. Each such provision shall remain valid and enforceable to the fullest extent allowed by, and shall be construed wherever possible as being consistent with, applicable law.

Section 19.11. Disclaimer of Partnership Status.

Nothing in this Lease shall be deemed in any way to create between the parties hereto any relationship of partnership, joint venture or association, and the parties hereto hereby disclaim the

existence of any such relationship.
Section 19.12. Commissions.

Each party hereto hereby represents and warrants to the other that, in connection with the leasing of the Premises hereunder, the party so representing and warranting has not dealt with any real estate broker, agent or finder, and there is no commission, charge or other compensation due on account thereof. Each party hereto shall defend, indemnify and hold harmless the other against and from any liability, claim of liability or expense arising out of any inaccuracy in such party's representation.

Section 19.13. Prevailing Party.

In the event either party hereunder initiates judicial action against the other in order to enforce the terms, covenants and provisions of this Lease, the non-prevailing party in such judicial action shall reimburse the prevailing party in such judicial action for all expenses, fees, costs, including attorney's fees incurred by the prevailing party in connection with such judicial action.

Section 19.14. Limited Third Party Rights.

Notwithstanding anything to the contrary set forth elsewhere in this Lease, the Limited Partners and Permitted Leasehold Mortgagees shall be deemed third-party beneficiaries of the provisions of the Lease that reference them. The foregoing rights of the Limited Partners and the Permitted Leasehold Mortgagees to be third-party beneficiaries under this Lease shall be the only right of the Limited Partners and the Permitted Leasehold Mortgagees (express or implied) to be third-party beneficiaries under this Lease.

Section 19.15. Subleases.

The Tenant may, without the Landlord's consent, sublease the Premises. The Landlord shall not disturb the possession, interest, or quiet enjoyment of any subtenant. Any sublease is subordinate to this Lease, the Permitted Leasehold Mortgage and any new lease entered into between the Landlord and Permitted Leasehold Mortgagees. The Landlord agrees to enter into a reasonable non-disturbance agreement with the subtenants. In connection with any subletting right, the subtenants will be required to attorn to the Permitted Leasehold Mortgagees if the Permitted Leasehold Mortgagees foreclose and become the owner of the leasehold estate.

Section 19.16. New Lease.

If this Lease terminates (to the extent termination is permitted by the terms of this Lease) because of an Event of Default of Tenant, because Tenant rejects it in bankruptcy or similar proceedings or any other reason other than expiration of the Term, then Landlord shall upon request enter into a new lease with the most senior Permitted Leasehold Mortgagee requesting to enter into such new lease or its nominee on the same terms and with the same priority as this Lease.

Section 19.17. Preservation of Lease.

Notwithstanding anything to the contrary set forth in this Lease, this Lease may not be amended, modified, changed, cancelled, waived or terminated without the prior written consent of the Parties hereto and all Permitted Leasehold Mortgagees and the Limited Partners. The Landlord shall not accept a voluntary surrender of this Lease without consent by all Permitted Leasehold Mortgagees and the Limited Partners. Any such amendment, modification, change, cancellation, waiver or termination shall not bind Permitted Leasehold Mortgagees or the Limited Partners or their successors and assigns unless made with such Permitted Leasehold Mortgagee's and the Limited Partners' consent. In the event of Lease termination due to an Event of Default that cannot be cured by the Permitted Leasehold Mortgagees, Landlord shall enter into a new ground lease with Permitted Leasehold Mortgagees on the same terms and conditions as the existing Lease.

Section 19.18. Tenant's Rights, Generally.

Upon and during the continuation of an Event of Default under, and subject to, any documents relating to the Property, any Permitted Leasehold Mortgagee and Limited Partner may exercise all of the Tenant's rights under this Lease, subject to the terms hereof.

Section 19.19. No Personal Liability.

No Permitted Leasehold Mortgagee or its designee or affiliate shall have any liability under this Lease for acts or omissions taking place prior to the date it acquires record title to the Tenant's interest and becomes the Tenant under this Lease. Any liability to the Landlord or the Landlord's successors and assigns shall be limited to the value of each Permitted Leasehold Mortgagee's or its designee's or affiliate's respective interest in the leasehold interest created hereunder. If a Permitted Leasehold Mortgagee, or its affiliate or designee shall succeed to the interest of the Tenant under this Lease, whether as a purchaser at a foreclosure sale or by the acceptance of a deed-in-lieu of foreclosure, such Permitted Leasehold Mortgagee or its affiliate or designee shall (a) not be liable for any act or omission of the Tenant and (b) be released from all liability prior to the date such Permitted Leasehold Mortgagee or its designee or affiliate succeeds to the interest of the Tenant.

Section 19.20. Acknowledgment.

Notwithstanding anything herein to the contrary, the parties hereto acknowledge that the Project is being financed with the proceeds of tax-exempt obligations and, as a result, is subject to the terms and conditions of that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of October [1], 2024, by and among the Landlord, the Tenant, and BOKF, NA, as trustee.

Section 19.21. Memorandum of Lease.

The Tenant shall cause a memorandum of this Lease to be recorded in the Land Records on or about the date of execution and delivery hereof.

Section 19.22. Approvals, Etc.

Except where expressly stated otherwise, whenever a Person is required under this Lease to provide its consent or approval, or render its determination, judgment, satisfaction, or decision (collectively, "Consent"), such Person will act in good faith and such consent, approval, determination, judgment, satisfaction, or decision (or the denial thereof, as the case may be) shall not be unreasonably withheld, delayed, or conditioned. Further, in each instance in which Guarantor has the right to provide its Consent under this Lease, such right will terminate on the Guaranty Date, and in each instance in which Investor Limited Partner has the right to provide its Consent, such right will terminate upon the expiration of the Compliance Period.

Section 19.23. Landlord Bankruptcy.

In the event of a bankruptcy of Landlord, Tenant shall not acquiesce in a rejection or disaffirmance of this Lease by Landlord or its trustee in bankruptcy under Section 365(h) of Title 11 of the United States Bankruptcy Code. Tenant shall timely object to any attempt by the Landlord's trustee to sell the Premises free and clear of this Lease under Section 363(f) of Title 11 of the United States Bankruptcy Code.

Section 19.24. Contest Proceedings.

Tenant shall have the right to contest by appropriate legal proceedings, without cost or expense to Landlord, the validity of any Applicable Law and to postpone compliance with the same, if by the terms of any such Applicable Law compliance therewith may legally be held in abeyance without incurring any lien, charge or liability of any kind against the Property or any interest of Landlord or Tenant therein, and without subjecting Landlord to any civil or criminal liability for failure so to comply therewith, and Tenant may postpone compliance therewith until the final determination of any such proceedings. If Tenant initiates any such legal proceedings in the name of Landlord, or of Landlord and Tenant, Tenant shall so advise Landlord in writing not less than thirty (30) days before initiating such proceedings. Such notices shall give details as to the tribunal in which said proceedings are to be filed, the Applicable Law contested, and such additional data as Landlord may reasonably require to enable it to understand the facts and evaluate them. If any lien, charge or civil liability, but not criminal liability, is incurred by reason of non compliance, Tenant may nevertheless make the contest as aforesaid and delay compliance as aforesaid, provided that Tenant furnishes to Landlord security reasonably satisfactory to Landlord, against any loss or injury by reason of such non compliance or delay and prosecutes the contest with due diligence and dispatch.

Section 20.25. Other Documents.

Landlord shall execute any instrument reasonably required by any Permitted Leasehold Mortgagee or the Investor Limited Partner (if during the Compliance Period) to confirm the provisions set forth in this Lease.

Article 20 Purchase Option and Right of First Refusal

Section 20.1.

The Tenant hereby grants the Landlord the right (the “Option”) to purchase all of the Property owned by the Tenant at the time of purchase, including without limitation the Improvements and Tenant’s Leasehold Estate in the Premises (collectively, the “Tenant’s Property”), (i) on any date thirty (30) days after the Landlord delivers written notice to the Tenant, the Limited Partners and the Permitted Leasehold Mortgagees of the Landlord’s intent to exercise the Option (the “Option Exercise Notice”) and (ii) upon the Tenant’s receipt of the Purchase Price (as defined below). Should Landlord choose to exercise the Option during the Compliance Period, it must do so with respect to the entirety of Tenant’s Property; no partial conveyance of Tenant’s Property shall be permitted, unless approved by the Limited Partners. The “Purchase Price” for the Tenant’s Property pursuant to the Option shall be set forth herein below:

- (a) *Price Formula.* An amount, determined by the Tenant’s accountants and subject to the concurrence of the Limited Partners, equal to the sum of (i) the fair market value of the Tenant’s Property as determined in accordance with Section 20.1(b) below, plus (ii) an amount sufficient to pay all debts (including but not limited to developer fees) and liabilities of Tenant, including any debts or liabilities owed to Tenant’s partners or any Guarantor (as contemplated in clause (iii) below, upon its dissolution and liquidation which will occur immediately following the sale of Tenant’s Property to Landlord pursuant to the Option), including, but not limited to, partner loans and debt secured by Permitted Leasehold Mortgages together with any and all interest, fees, default interest, prepayment premiums and/or yield maintenance that may be due thereafter, plus (iii) an amount sufficient to assure receipt by the Investor Limited Partner from the proceeds of the sale of the Property (when distributed pursuant to liquidation provisions in the Partnership Agreement) of an amount not less than an amount equal to any unpaid obligations to which the Investor Limited Partner and its affiliates of the Investor Limited Partner are entitled under the Partnership Agreement (including, but not limited to, an amount equal to pay any exit taxes, any unpaid loans and accrued interest thereon made to the Tenant by the Investor Limited Partner or its affiliates, any unpaid tax credit adjusters pursuant to the Partnership Agreement and any accrued and unpaid Asset Management Fee (as defined in the Partnership Agreement)) plus (iv) if the Option is exercised during the Property’s Compliance Period, an amount sufficient to distribute to Investor Limited Partner cash proceeds equal to the diminution of economic value to the Investor Limited Partner as a result of the purchase of the Tenant’s Property by the Landlord during the Compliance Period (the “ILP Diminution”), which shall include without limitation, but without duplication, (A) all capital contributions of the Investor Limited Partner under the Partnership Agreement which shall not otherwise be returned to the Investor Limited Partner by the partners or the Partnership at the time of purchase or in respect of which the Investor Limited Partner has otherwise received full value, (B) the outstanding balance of all loans (and any accrued interest thereon) made to the Tenant by the Investor Limited Partner or its affiliates, which will not otherwise be repaid at the time of the purchase, (C) the amount of any projected tax credits, as set forth in the Partnership Agreement, which, as a result of the purchase will not be available to the Investor Limited Partner and the amount of any tax credits which will be recaptured from the Investor Limited Partner as a result of the purchase including any penalties and interest related to such recaptured tax credits, (D) all costs and penalties incurred by the Investor Limited Partner with respect to

the tax credits already received (including the costs of bonds or insurance policies to be provided to the Investor Limited Partner to indemnify the Investor Limited Partner with respect to any tax credits not recaptured at the time of the purchase but potentially subject to recapture due to events occurring thereafter), (E) all costs and expenses incurred by or on behalf of the Investor Limited Partner with respect to (1) its admission to the Tenant, (2) its activities with respect to the Tenant prior to the Landlord's purchase of the Tenant's Property under the Option, and (3) an amount to distribute to the Tenant's partners cash proceeds sufficient to enable the partners to pay, on an after-tax basis after any and all taxes imposed on such distribution, the taxes projected to be imposed on the partners as a result of the sale pursuant to the Option, (F) any recapture bonds, and (G) the present value of the anticipated Cash Flow and fees payable to the Investor Limited Partner and its affiliates pursuant to the terms of the Partnership Agreement using a 10% discount rate; plus (v) if the Option is exercised during the Compliance Period, the diminution of economic value to the Class B Limited Partner as a result of the purchase of the Tenant's Property by the Landlord during the Compliance Period (the "CALP Diminution"), which shall include without limitation (A) all capital contributions of the Class B Limited Partner under the Partnership Agreement which have not otherwise been returned to the Class B Limited Partner or in respect of which the Class B Limited Partner has otherwise received full value, (B) all outstanding loans made to the Tenant by the Class B Limited Partner or the Guarantor (as defined in the Partnership Agreement), including without limitation, any Operating Deficit Loan (as such term is defined in the Partnership Agreement) and any earned deferred portion of the Development Fee (as defined in the Partnership Agreement and that is due to the Class B Limited Partner's affiliate that is serving or served as the developer), that are subject to repayment under the terms of the Partnership Agreement and which will not be repaid at the time of the purchase, (C) the present value of the anticipated Cash Flow and fees payable to the Class B Limited Partner and its affiliates pursuant to the terms of the Partnership Agreement using a 3.82% discount rate, and (D) all reasonable costs and expenses incurred by or on behalf of the Class B Limited Partner with respect to (A) its admission to the Tenant and (B) its activities with respect to the Tenant prior to the Landlord's purchase of Tenant's Property under the Option. The calculation of any ILP Diminution and CALP Diminution shall be determined by the accountants to the Tenant and approved by the Investor Limited Partner and Permitted Leasehold Mortgagee in its reasonable discretion. All payments of ILP Diminution and the CALP Diminution shall be paid directly by the Landlord to the Investor Limited Partner and the Class B Limited Partner, as applicable, and shall be deemed to be part of the purchase price paid by the Landlord to the Tenant under this Section 20.1.

- (b) *Determination of Fair Market Value.* Fair market value of the Tenant's Property, appraised as low-income housing to the extent continuation of such use is required under any document of record, and taking into consideration any third-party liens on the Tenant's Property. For purposes of Section 20.1, fair market value shall be calculated as follows (the "Fair Market Value"): As soon as practicable following the delivery of the Option Exercise Notice, the Landlord and the Tenant shall select a mutually acceptable Independent Appraiser (as defined below), and as approved by the Investor Limited Partner and Permitted Leasehold Mortgagee. In the event that the parties are unable to agree upon an Independent Appraiser within fifteen (15) business days following the date of delivery of

the Option Exercise Notice, the Landlord and the Tenant each shall select an Independent Appraiser within the next succeeding five (5) business days. If either party fails to select an Independent Appraiser within such time period, the determination of the other Independent Appraiser shall control. If the difference between the Appraised Fair Market Values set forth in the two appraisals is not more than ten percent (10%) of the Appraised Fair Market Value set forth in the lower of the two appraisals, the fair market value for purposes of this Section shall be the average of the two appraisals. If the difference between the two appraisals is greater than ten percent (10%) of the lower of the two appraisals, then the two Independent Appraisers shall jointly select a third Independent Appraiser whose determination of Appraised Fair Market Value shall be deemed to be binding on all parties as long as the third determination is between the other two determinations. If the third determination is either lower or higher than both of the other two appraisals, then the average of all three appraisals shall be the Appraised Fair Market Value for purposes of this Section 20.1. The Landlord and the Tenant shall each pay one-half of the fees and expenses of any Independent Appraiser(s) selected pursuant to this Section 20.1. For purposes of the foregoing, the term "Independent Appraiser" means a firm which is generally qualified to render opinions as to the fair market value of assets such as those owned by the Tenant, which is mutually acceptable to the Landlord and the Tenant and which satisfies the following criteria:

- (i) such firm is not a Partner or an Affiliate (as such terms are defined in the Partnership Agreement) of the Landlord or the Tenant;
- (ii) such firm (or a predecessor in interest to the assets and business of such firm) has been in business for at least five (5) years, and at least one of the principals of such firm has been in the active business of appraising substantially similar assets for at least (10) years;
- (iii) such firm has regularly rendered appraisals of substantially similar assets for at least five (5) years on behalf of a reasonable number of unrelated clients, so as to demonstrate reasonable market acceptance of the valuation opinions of such a firm;
- (iv) one or more of the principals or appraisers of such firm are members in good standing of an appropriate professional association or group which establishes and maintains professional standards for its members; and
- (v) such firm renders an appraisal to the Tenant only after entering into a contract that specifies the compensation payable for such appraisal.

Section 20.2.

Upon determination of the Purchase Price, the Tenant and the Landlord, shall enter into a written contract for the purchase and sale of the Tenant's Property in accordance with the terms of this Lease and containing such other terms and conditions as are standard and customary for similar commercial transactions in the geographic area in which the Property is located, providing for a closing not later than the date specified in the Option Exercise Notice (which date shall be within one hundred twenty (120) days of the date of delivery of the Option Exercise Notice) or thirty (30) days after the Purchase Price has been determined, whichever is later. In the absence of any such contract, the terms of this Article 20 shall be specifically enforceable upon the exercise of the Option. The purchase and sale hereunder shall be closed through a deed-and-money escrow with

the title insurer of the Tenant's interest in the Property or another mutually acceptable title company. The Tenant's right, title, and interest in the Tenant's Property shall be conveyed by an assignment of Lease ("Ground Lease Assignment") and a blanket conveyance, bill of sale, an assignment agreement (the "Bill of Sale" and together with the Ground Lease Assignment, the "Conveyance Documents"). Upon closing, the Tenant shall deliver to the Landlord, along with the Conveyance Documents, a Texas form Owner's Title Policy dated as of the close of escrow, in the amount of the Purchase Price, subject to the liens, encumbrances and other exceptions then affecting the title. The Landlord shall be responsible for all costs including, but not limited to, transfer taxes, title policy premiums and recording costs. Rents, insurance, taxes, debt service then due and payable and other costs and revenues then prepaid or accrued, as the case may be, shall be apportioned as of midnight of the day preceding the closing of title, except that rents shall be apportioned as of the date of actual collection thereof (which obligation shall survive the closing).

Section 20.3.

In consideration of the Option granted hereunder at the Purchase Price specified herein, the Landlord hereby agrees that the Ground Lease Assignment granting the Tenant's interest in the Property to the Landlord shall contain a covenant running with the land, restricting the use of the Property to low-income housing to the extent required by any document of record. Such covenant shall include a provision requiring the Landlord to pay any and all costs, including attorneys' fees, incurred by the Tenant and/or the Investor Limited Partner in enforcing or attempting to enforce such use restrictions, and to pay any and all damages incurred by the Tenant and/or the Investor Limited Partner from any delay in or lack of enforceability of the same. All provisions relating to such use restrictions contained the Ground Lease Assignment and in this Lease (but not the LURA and other pre-existing restrictions required by any Legal Requirements) shall be subject and subordinate to any third-party liens of Permitted Leasehold Mortgages encumbering the Tenant's Property. At closing, the Landlord shall deliver to the Investor Limited Partner the recapture bonds or insurance policies described in Section 20.1(a) above that will compensate the Investor Limited Partner for any recapture of tax credits attributable to a breach of any low-income housing restrictions of record.

Section 20.4.

In the absence of a Ground Lease Assignment conforming to the requirements of this Lease, the provisions of this Lease shall run with the land. In the event that the Option is not exercised, or the sale pursuant thereto is not consummated, then, upon conveyance of the Tenant's Property to anyone other than the Landlord, the foregoing provisions shall terminate and have no further force or effect.

Section 20.5.

Notwithstanding anything to the contrary set forth in this Lease, after the expiration of the Compliance Period, if the Class B Limited Partner is a partner in the Tenant, it shall have an exclusive and perpetual right to market the Property for sale (which shall include termination of this Lease without further obligation of the Landlord in regard to premises or payment after such termination and transfer of the Fee Estate after payment to the Landlord in the amount set forth in

Section 3.5 hereof; provided, however, that the purchase price pursuant to any bona fide third party offer under this Section 20.5 shall be at least the minimum purchase price under Section 42(i)(7)(B) of the Code; provided, further, that the Landlord shall be granted a right of first refusal to purchase the Improvements for the greater of Fair Market Value or the amount of such bona fide third party offer so long as the Class B Limited Partner is willing to accept such bona fide offer, in its sole and absolute discretion, and such right is exercised within thirty (30) days of receipt of notice of receipt of a bona fide third party offer of purchase by the Tenant (the “Right of First Refusal”). Neither the Option nor the Right of First Refusal may be assigned without the prior written consent of the Class B Limited Partner in its sole discretion. In the event the Right of First Refusal is exercised, the Landlord shall have ninety (90) days to close on the sale of the Improvements or such other time period set forth in the third party offer (not to exceed 120 days). In the event that the Class B Limited Partner receives such an offer to purchase the Property and the offer is acceptable to the Class B Limited Partner and subject to the terms of the Partnership Agreement, unless the Landlord exercises the Right of First Refusal, the Property and the Fee Estate shall be sold to such purchaser, and the Right of First Refusal will terminate.

Section 20.6.

Notwithstanding anything set forth in this Lease to the contrary (except as provided in Section 20.7 below), the Option and the Right of First Refusal will remain in effect so long as: (i) this Lease is in effect, and (ii) the General Partner remains the Tenant’s general partner, and (iii) the General Partner is not in default of its duties in such capacity.

Section 20.7.

Notwithstanding anything set forth in this Lease to the contrary, if the Property Tax Exemption (as defined in the Partnership Agreement) terminates or is not obtainable and/or the General Partner is removed as Tenant’s general partner, the Option and Right of First Refusal will terminate. In such event, the Tenant may elect to terminate this Lease, in which case the Landlord shall convey the Fee Estate to the Tenant at a cost of One Hundred Dollars (\$100) to the Tenant. In addition, if Landlord has not exercised the Option or Right of First Refusal to purchase the Property, the Option and Right of First Refusal will terminate upon a sale of the Property to a third party. The Landlord agrees to reasonably cooperate with the Class B Limited Partner and the Tenant as is necessary in order to facilitate the sale of the Property to such third party, including but not limited to, executing a release or termination of the Option, Right of First Refusal and this Lease, and conveyance documents related to the transfer of the Fee Estate to the third party.

[Remainder of page intentionally left blank.]

IN WITNESS WHEREOF, each party hereto has executed this Lease or caused it to be executed on its behalf by its duly authorized representatives, the day and year first above written.

LANDLORD:

MANOR HOUSING PUBLIC FACILITY CORPORATION,
a Texas Public Facility Corporation

By: _____
Scott Moore, General Manager

TENANT:

Manor Leased Housing Associates I, Limited Partnership, a Texas
Limited Partnership

By: MHPFC TR GP 1, LLC, a Texas limited liability company,
its General Partner

By: Manor Housing Public Facility Corporation, its Sole
Member

By: _____
Scott Moore, General Manager

Exhibit A Description of Land

[to be added]

Exhibit B Schedule of Permitted Encumbrances

Any encumbrances, easements, conditions, mandatory homeowners' assessments and/or restrictions of record affecting the title to the Property to the extent such matters are validly existing and are applicable to the Project.

The LURA

Any Matters shown on the Title Policy

Exhibit C Insurance Requirements

The insurance requirements set forth in the Partnership Agreement and the Permitted Leasehold Mortgage.

**Ballard Second Draft
October 9, 2024**

GUARANTY AGREEMENT

by

**DOMINIUM HOLDINGS II, LLC,
the Guarantor**

in favor of

**BOKF, NA,
as Trustee**

Dated as of October 1, 2024

Relating to:

**\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Project)
Series 2024**

This instrument drafted by:
Ballard Spahr LLP (BWJ)
2000 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

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GUARANTY AGREEMENT

THIS GUARANTY AGREEMENT, dated as of October 1, 2024 (the “Guaranty”), is by DOMINIUM HOLDINGS II, LLC, a Minnesota limited liability company authorized to do business in the State of Texas (together, the “Guarantor”), in favor of BOKF, NA, a national banking association, as trustee (together with its successors and assigns, the “Subordinate Trustee”) under the Subordinate Indenture (hereinafter defined).

RECITALS

WHEREAS, the Manor Housing Public Facility Corporation (the “Issuer”) and the Subordinate Trustee are entering into a Subordinate Indenture of Trust, dated as of October 1, 2024 (the “Subordinate Indenture”), in connection with the issuance by the Issuer of its Subordinate Multifamily Housing Revenue Bonds (Tower Road Project), Series 2024 (the “Subordinate Bonds” or the “Series 2024 Bonds”) in the original aggregate principal amount of \$4,000,000; and

WHEREAS, the proceeds of the Subordinate Bonds will be loaned by the Issuer to Manor Leased Housing Associates I, LP (the “Borrower”), under a Subordinate Loan Agreement, dated as of October 1, 2024 (the “Subordinate Loan Agreement”), between the Issuer and the Borrower, to be used, together with proceeds of the Senior Note (as defined in the Subordinate Indenture) and other available funds of the Borrower, in order to: (i) finance a portion of the cost of the acquisition, and the construction of an affordable multifamily housing facility consisting of 324 dwelling units, to be known as “Manor Apartments” and generally located at 12100 Tower Road in the City of Manor, Texas (the “Project”); (ii) fund required reserves, if any; (iii) fund capitalized interest on a portion of the Subordinate Bonds; and (iv) pay fees, expenses and costs incurred in connection with the authorization, issuance and sale of the Subordinate Bonds; and

WHEREAS, as security for the Subordinate Bonds, the Borrower will execute and deliver to the Subordinate Trustee a [Subordinate Leasehold Deed of Trust, Security Agreement, Fixture Financing Statement and Assignment of Leases and Rents], dated as of October 1, 2024 (the “Subordinate Mortgage”), providing the Subordinate Trustee with a subordinate mortgage lien on the property described therein; and

WHEREAS, the Subordinate Trustee is authorized by the Subordinate Indenture to receive any and all other property conveyed, mortgaged, assigned or transferred, or in which a security interest is granted, by (among others) the Borrower, and to hold and apply for the security and payment of the Subordinate Bonds, pursuant to the provisions of the Subordinate Indenture; and

WHEREAS, the Guarantor desires that the Issuer issue the Subordinate Bonds and apply the proceeds thereof as described above and further proposes to execute this Guaranty to permit or enhance the marketability and security of the Subordinate Bonds and thereby achieve the most favorable terms thereof; and

NOW, THEREFORE, the Guarantor hereby, subject to the terms hereof, covenants and agrees with the Subordinate Trustee, for the benefit of the Subordinate Trustee and all who at any time become registered owners (the “Holders”) of the Subordinate Bonds, as follows:

ARTICLE I

REPRESENTATIONS AND COVENANTS OF GUARANTOR

Section 1.1 Representations and Covenants of Guarantor

(a) The Guarantor has duly executed and delivered and, by proper corporate action, has duly authorized the execution and delivery of this Guaranty.

(b) The assumption by the Guarantor of the obligations hereunder will result in a direct financial benefit to the Borrower and the Guarantor and to the financial and operational success of the Project.

(c) As to itself, at the time of the execution and delivery of this Guaranty, nothing exists to impair the effectiveness of the liability of the Guarantor to the Subordinate Trustee, or the immediate taking effect of this Guaranty.

(d) As to itself, this Guaranty is a valid, legal and binding obligation of the Guarantor enforceable against the Guarantor in accordance with the terms hereof subject only to the application of bankruptcy laws and general principles of equity.

(e) The Guarantor is a limited liability company duly formed, existing and in good standing under the laws of the State of Minnesota, and the execution and delivery by the Guarantor of this Guaranty does not, and the performance of the agreements contained herein will not, contravene or constitute a default under any agreement, indenture, commitment, provision of its organizational and governing documents, or other requirement of law to which the Guarantor is a party or by which the Guarantor is or may be bound; the Guarantor shall preserve and maintain its duly organized existence.

ARTICLE II

COVENANTS AND AGREEMENTS

Section 2.1 Obligation. Subject to the limitations set forth in Section 2.2 hereof, the Guarantor hereby absolutely and unconditionally guarantees to the Subordinate Trustee for the benefit of all persons who may become the owners from time to time of the Subordinate Bonds (i) the full and prompt payment of all principal of and premium, if any, on the Subordinate Bonds when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise; (ii) the full and prompt payment of all interest on the Subordinate Bonds at the Current Interest Rate when and as the same shall become due; and (iii) the full and prompt payment of all interest on the Subordinate Bonds at the Accrual Interest Rate if the Subordinate Bonds have been accelerated or at maturity when and as the same shall become due; and (iv) the performance of all other obligations of the Borrower under the Subordinate Loan Agreement, including but not limited to (a) the obligation to provide for the full and prompt payment of all other amounts owing by Borrower under the Subordinate Loan Agreement, including but not limited to Basic Payments payable under Section [4.2] thereof, (b) any amounts due to the Issuer under Section [3.2] of the Subordinate Loan Agreement, any amounts owed by the Borrower in connection with its indemnification obligations under Section [7.4] of the Subordinate Loan Agreement, the payment of any rebate payments owing in respect of the Subordinate Bonds to the United States under Section 148(f) of the Code, and (c) any advances or expenses of the Subordinate Trustee under the Subordinate Indenture and all additional charges owing under Section [4.3] of the Subordinate Loan Agreement.

Section 2.2 Term

(a) *General.* The obligations of the Guarantor under this Guaranty shall arise absolutely and unconditionally upon the execution and delivery of the Subordinate Loan Agreement by the Borrower and shall, subject to the provisions of subsection (b) below, remain in full force and effect until all obligations of the Borrower under the Subordinate Loan Agreement have been satisfied in full and payment has been made of all principal of, premium, if any, and interest on the Subordinate Bonds, when due.

(b) *Termination of Guaranty.* Notwithstanding the foregoing, this Guaranty shall only terminate and the Guarantor's obligations hereunder shall be extinguished upon the earliest of (i) defeasance of the Subordinate Bonds in accordance with the Subordinate Indenture; or (ii) the payment in full of all the interest on, including unpaid accrued interest, and the principal of the Subordinate Bonds.

Section 2.3 Obligations Unconditional. The Guarantor's obligations under this Guaranty shall not be affected, modified or impaired upon the happening from time to time of any event, including without limitation any of the following:

(a) the compromise, settlement, release or termination of any or all of the obligations, covenants or agreements of the Borrower under the Subordinate Loan Agreement or of the Issuer under the Subordinate Indenture;

(b) the failure to give notice to the Borrower or the Guarantor of the occurrence of any default or event of default under the terms and provisions of this Guaranty, the Subordinate Loan Agreement, the Subordinate Indenture, or the Subordinate Mortgage;

(c) the waiver of the payment, performance or observance by the Borrower or the Guarantor of any of the obligations, covenants or agreements of any of them contained in the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, or this Guaranty;

(d) the extension of the time for payment of principal of, premium, if any, or interest on any Subordinate Bond or of the time for performance of any other obligations, covenants or agreements under or arising out of the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, or this Guaranty or the extension or the renewal of any thereof;

(e) the modification or amendment (whether material or otherwise) of any obligation, covenant or agreement set forth in the Subordinate Indenture, the Subordinate Loan Agreement, or the Subordinate Mortgage;

(f) the taking or omission of any of the actions referred to in the Subordinate Indenture, the Subordinate Loan Agreement, or the Subordinate Mortgage or any actions under this Guaranty;

(g) any failure, omission, delay or lack on the part of the Issuer or Subordinate Trustee to enforce, assert or exercise any rights, power or remedy conferred on the Issuer or the Subordinate Trustee in this Guaranty, the Subordinate Indenture, the Subordinate Loan Agreement, or the Subordinate Mortgage;

(h) the voluntary or involuntary liquidation, dissolution, sale or other disposition of all or substantially all the assets, marshalling of assets and liabilities, receivership, insolvency, bankruptcy, assignment for the benefit of creditors or readjustment of or other similar proceedings affecting the Guarantor or the Borrower, or any of the assets of any of them, or any allegation or contest of the validity of this Guaranty in any such proceeding;

(i) to the extent permitted by law, the release or discharge of the Borrower or of the Issuer from the performance or observance of any obligations, covenants or agreements contained in the resolution adopted by the governing body of the Issuer on October 16, 2024 with respect to the Subordinate Bonds (the “Bond Resolution”), the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, or the Subordinate Bonds by operation of law;

(j) the default or failure of the Guarantor to perform any of its obligations set forth in this Guaranty;

(k) the default or failure of the Borrower, the Subordinate Trustee or the Issuer to fully perform any of their obligations to the Guarantor; or

(l) the invalidity or unenforceability of the Subordinate Indenture, the Subordinate Loan Agreement, the Subordinate Mortgage, or the Bond Resolution.

Notwithstanding the provisions of this Section 2.3, the Guarantor shall not be obligated to make any payment under Section 2.1 hereof if the obligation of the Borrower to make such payment has been effectively waived, modified or amended by action of the Subordinate Trustee or Bondholders under the applicable provisions of the Subordinate Indenture.

Section 2.4 No Set-Offs, Counterclaims. No set-off, counterclaim, reduction, or diminution of the obligation, or any defense of any kind or nature which the Guarantor has or may have against the Borrower, the Subordinate Trustee or any Bondholder shall be available hereunder to the Guarantor against the Subordinate Trustee.

Section 2.5 Borrower Default. In the event of a default in the payment of principal of any Subordinate Bond when and as the same shall become due, whether at the stated maturity thereof, by acceleration, call for redemption or otherwise, or of a default in the payment of any interest on any Subordinate Bond when and as the same shall become due, or in the event of a failure of the Borrower to make any other payment due and owing to the Subordinate Trustee and/or the Bondholders under the Subordinate Loan Agreement or Subordinate Indenture, the Subordinate Trustee, shall have the right to proceed first and directly against the Guarantor under this Guaranty without proceeding against the Borrower under the Subordinate Indenture, the Subordinate Loan Agreement, or the Subordinate Mortgage or exhausting any other remedies which it may have and without resorting to any other security held by the Subordinate Trustee.

(a) The Subordinate Trustee shall not be obligated to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder except liability which is finally adjudicated by a court of competent jurisdiction to have been directly caused by its gross negligence or willful misconduct.

(b) The Guarantor agrees to pay all the costs, expenses and fees, including all attorneys’ fees, costs and expenses, which may be incurred by the Subordinate Trustee in enforcing or attempting to enforce this Guaranty following any default on the part of either the Borrower or the Guarantor, whether the same shall be enforced by suit or otherwise.

Section 2.6 Waiver of Acceptance. The Guarantor hereby expressly waives notice from the Subordinate Trustee, or any of the Holders from time to time of the Subordinate Bonds of their acceptance of and reliance on this Guaranty.

Section 2.7 Guarantor Events of Default. Each of the following shall constitute an event of default (an “Event of Default”) under this Guaranty, whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or non-governmental body:

- (a) Failure to make any payment due under this Guaranty within ten (10) days of written demand therefor (a “Payment Default”).
- (b) Any representation or warranty made by the Guarantor under this Guaranty or any other agreement, report, certificate, financial statement or other instrument referred to herein and furnished to the Subordinate Trustee or the Underwriter in connection herewith shall prove incorrect or misleading in any material respect when made or when deemed to have been made.
- (c) Default in the performance or observance of any agreement or covenant contained in this Guaranty (other than a covenant, agreement, or default that is otherwise specifically addressed in this Guaranty) and the continuance of such default for a period of thirty (30) days following written notice from the Subordinate Trustee.
- (d) The filing by the Guarantor of a petition for the appointment of a trustee with respect to itself or any of its property.
- (e) The making by the Guarantor of an assignment for the benefit of creditors.
- (f) The insolvency of the Guarantor or the commencement by the Guarantor of a case in bankruptcy or for compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors.
- (g) The failure of the Guarantor to obtain the dismissal, within ninety (90) days after service upon the Guarantor of any case commenced against the Guarantor (i) for the appointment of a trustee for Guarantor or any of its property; or (ii) in bankruptcy or for declaration of insolvency or for compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors.
- (h) The failure of the Guarantor to generally pay its material debts as such debts become due.
- (i) The making, or the attempted making, by the Guarantor of a fraudulent conveyance within the meaning of the Uniform Fraudulent Conveyances Act.

Section 2.8 Consequences of Event of Default. If a Payment Default or other Event of Default relating to payment shall have occurred and be continuing, either the Borrower or the Subordinate Trustee may proceed hereunder against the Guarantor, and the Borrower, in its discretion, and the Subordinate Trustee shall have, the right to proceed first and directly against the Guarantor under this Guaranty without exhausting any other remedies it may have or without resorting to any security held by the Borrower. In the event an Event of Default other than a Payment Default shall have occurred and be continuing, the Subordinate Trustee may require the Guarantor to provide indemnity or security for the obligations guaranteed, which security shall be sufficient, in the Subordinate Trustee’s sole and absolute discretion, to protect the obligations guaranteed hereunder. The provisions of this Section 2.8 are intended to supplement any remedies available to the Subordinate Trustee under Article III hereof or any other provision of the Subordinate Loan Agreement or the Subordinate Mortgage.

ARTICLE III

MISCELLANEOUS

Section 3.1 Remedies. No remedy herein conferred upon or reserved to the Subordinate Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Guaranty or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any default, omission or failure of performance hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Subordinate Trustee to exercise any remedy reserved to it in this Guaranty, it shall not be necessary to give any notice, other than such notice as may be herein expressly required. In the event any provision contained in this Guaranty should be breached by the Guarantor and thereafter duly waived by the Trustee, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 3.2 Trustee May File Proofs of Claim. In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, bankruptcy reorganization, arrangement, adjustment, composition or other judicial proceeding relative to the rights of creditors of the Guarantor, the Subordinate Trustee shall be entitled and empowered by intervention in such proceeding or otherwise,

(i) Subject to the limitation set forth in Section 2.1(b) hereof, to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid (whether at stated maturity or by acceleration, call for redemption or otherwise) in respect of the Subordinate Bonds and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Subordinate Trustee (including any claim for the costs, compensation, expenses, disbursements and advances of the Subordinate Trustee, its agents and counsel) and of the Bondholders allowed in such judicial proceeding, and

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

and any receiver, assignee, trustee, liquidator, sequestrator (or other similar official) in any such judicial proceeding is hereby authorized to make such payments to the Subordinate Trustee, and in the event that the Subordinate Trustee shall consent to the making of such payments directly to the Bondholders, to pay to the Subordinate Trustee any amount due to it for the costs, expenses, disbursements and advances of the Subordinate Trustee, its agents and counsel, and any other amounts due the Subordinate Trustee under Section 2.5 hereof.

Section 3.3 Trustee May Enforce Claims without Possession of Subordinate Bonds. All rights of action and claims under this Guaranty may be prosecuted and enforced by the Subordinate Trustee without the possession of any of the Subordinate Bonds or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Subordinate Trustee shall be brought in its own name as trustee of any express trust, and any recovery of judgment shall, after provision for the payment of the costs, compensation, expenses, disbursements and advances of the Subordinate Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Subordinate Bonds in respect of which such judgment has been recovered.

Section 3.4 Waiver, Amendment. No waiver, amendment, release or modification of this Guaranty shall be established by conduct, custom or course of dealing, but solely by an instrument in writing duly executed by the Subordinate Trustee. The Subordinate Trustee shall not consent to any amendment

or modification of this Guaranty without the approval or consent of the Holders of not less than a majority in aggregate principal amount of the Subordinate Bonds. Nothing contained herein shall permit or be construed as permitting, without the approval or consent of the Holders of all the Subordinate Bonds, any amendment, change or modification of this Guaranty which would (a) reduce the amount payable by the Guarantor hereunder, (b) change the time for payment of the amounts payable by the Guarantor hereunder, or (c) change the unconditional nature of this Guaranty herein contained.

Section 3.5 Addresses. The current mailing addresses of the Guarantor are set forth below:

Dominium Holdings II, LLC
c/o Dominium Development & Acquisition, LLC
2905 Northwest Boulevard, Suite 150
Plymouth, Minnesota 55441
Attention: Mark S. Moorhouse and
Neal Route, Vice President and Project Partner

With copies to: Winthrop & Weinstine P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402-4629
Attention: Paul Manda, Esq.

The Guarantor shall promptly notify the Subordinate Trustee and Issuer in writing of any change in its mailing address.

Section 3.6 Counterparts. This Guaranty may be executed simultaneously in several counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

Section 3.7 Separability. The invalidity or unenforceability of any one or more phrases, sentences, clauses or sections in this Guaranty shall not affect the validity or enforceability of the remaining portions of this Guaranty, or any part thereof.

Section 3.8 Defined Terms. Any capitalized terms used herein that are otherwise not defined shall have the meanings assigned such terms in the Subordinate Indenture.

Section 3.9 Electronic Signatures. The parties agree that the electronic signature of a party to this Guaranty shall be as valid as an original signature of such party and shall be effective to bind such party to this Guaranty. For purposes hereof: (i) “electronic signature” means a manually signed original signature that is then transmitted by electronic means or a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party) in English and (ii) “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a portable document format (“pdf”) or other replicating image attached to an electronic mail or internet message, then such signature is a valid and binding signature of the authorized representative of such party.

Section 3.10 Subordinate Trustee’s Rights. Notwithstanding anything herein to the contrary, (a) the applicable and necessary provisions of the Subordinate Indenture and the Subordinate Loan Agreement are incorporated herein by reference, including the rights, protections and indemnification afforded the Subordinate Trustee in its capacity as the trustee under the Subordinate Indenture; (b) all acts, consents, determinations, decisions, discretion, elections, approvals and undertakings of the Subordinate Trustee hereunder shall be solely at the written direction of the Borrower; (c) the Subordinate Trustee shall

be entitled to request and receive written direction from the Borrower; and (d) the Subordinate Trustee shall have no responsibility or liability for any losses or damages of any nature that may arise from any action taken or not taken by the Subordinate Trustee in accordance with any written direction, except liability which is finally adjudicated by a court of competent jurisdiction to have been directly caused by its gross negligence or willful misconduct.

(The remainder of this page is intentionally left blank.)

IN WITNESS WHEREOF, the Guarantor has executed this Guaranty Agreement, dated as of the date and year first written above.

DOMINIUM HOLDINGS II, LLC, a Minnesota limited liability company

By: _____

Name: Mark S. Moorhouse

Its: Senior Vice President

(Signature page to Guaranty Agreement –Manor Housing Public Facility Corporation Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

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

ATTENTION: COUNTY CLERK - THIS INSTRUMENT COVERS GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN AND IS TO BE FILED FOR RECORD IN THE RECORDS WHERE MORTGAGES ON REAL ESTATE ARE RECORDED. ADDITIONALLY, THIS INSTRUMENT SHOULD BE APPROPRIATELY INDEXED, NOT ONLY AS A MORTGAGE, BUT ALSO AS A FINANCING STATEMENT COVERING GOODS THAT ARE OR ARE TO BECOME FIXTURES ON THE REAL PROPERTY DESCRIBED HEREIN. THE MAILING ADDRESSES OF THE PARTNERSHIP (DEBTOR) AND THE BENEFICIARY (SECURED PARTY) ARE SET FORTH IN THIS INSTRUMENT.

THIS FILING IS MADE IN CONNECTION WITH A PUBLIC FINANCE TRANSACTION AS DESCRIBED IN SECTIONS 9.102(68) AND 9.515(b) OF THE UNIFORM COMMERCIAL CODE OF TEXAS.

**SUBORDINATE DEED OF TRUST, SECURITY AGREEMENT,
ASSIGNMENT OF RENTS AND LEASES, AND
FINANCING STATEMENT**

(Subordinate Loan-Tower Road Apartments)

By

Manor Leased Housing Associates I, Limited Partnership

To

Rosalyn Davis, as Mortgage Trustee

For the Benefit of

**BOKF, NA,
as Indenture Trustee**

THIS INSTRUMENT CONTAINS FUTURE ADVANCE CLAUSES

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Exhibits

Exhibit A Description of Real Property: Travis County –Building 3000 Property
 Exhibit B Permitted Encumbrances: Travis County Property –Building 3000 Property
 Exhibit C Subordination

WHEREAS, the Board of Directors of the MHPFC (the “Board”) has authorized the issuance of its Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, in an aggregate principal amount not to exceed \$60,815,000 (the “Senior Bonds”) pursuant to an Indenture of Trust dated as of [] (the “Senior Trust Indenture”) dated as of [], between the MHPFC and the Indenture Trustee as trustee, to provide for the financing by the Partnership of (i) the acquisition, construction and equipping of a multifamily residential rental development known as Tower Road Apartments located in the City, for citizens of low and moderate income and assist such persons in the City of Manor, Texas, in obtaining decent, safe and sanitary housing at affordable prices (the “Development”), (ii) the payment of capitalized interest on the Bonds, if any, and (iii) the payment of certain costs of issuance of the Bonds in accordance with the Constitution and laws of the State of Texas (collectively, (i) through (iii), the “Project”);

WHEREAS, the proceeds from the sale of the Senior Bonds will be loaned by the MHPFC to the Partnership to finance a portion of the development of the Development (the “Senior Bond Financing”) pursuant to a Loan Agreement between the MHPFC and the Partnership (the “Senior Loan Agreement”); and

WHEREAS, in connection with the Senior Loan Agreement and the Senior Bond Financing, the Partnership will execute a Note (the “Senior Bond Note”) payable to the Trustee; and

WHEREAS, in connection with the Senior Bond Financing and the execution of the Senior Loan Agreement, the Partnership and/or MHPFC TRGP1 LLC, a Texas limited liability company wholly owned by the MHPFC, as General Partner of the Partnership shall enter into any and all documents, including but not limited to, a Regulatory Agreement and Declaration of Restrictive Covenants, a Tax Exemption Certificate and Agreement, a Continuing Disclosure Agreement and such other types of agreements, certificates or documents necessary for the Issuer to issue the Senior Bonds and for the Partnership to consummate the Senior Bond Financing (collectively, with the Senior Bonds, the Loan Agreement and the Senior Bond Note, the “Senior Bond Financing Documents”);

WHEREAS, the Senior Bonds will be payable from payments received by the Partnership pursuant to that certain Ground Lease dated as of [] (the “Ground Lease”), pursuant to which the MHPFC has agreed to lease the Project to the Partnership, and the Partnership has agreed to lease the Project from the MHPFC, and the Partnership has assigned and pledged to the Indenture Trustee, and granted a first lien priority security interest in, all of its right, title, and interest in and to the Ground Lease and all revenues, payments, receipts, and money to be received by the Partnership thereunder;

WHEREAS, the Board has authorized the issuance of its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024, in an aggregate principal amount not to exceed \$4,000,000 (the “Bonds”) pursuant to a Subordinate Indenture of Trust (the “Trust Indenture”), between the Partnership and BOKF, NA as trustee (the “Trustee”), to provide for the financing by the Partnership of the Project.

WHEREAS, the proceeds from the sale of the Bonds will be loaned by the MHPFC to the Partnership to finance a portion of the development of the Project (the “Subordinate Bond Financing”) pursuant to a Loan Agreement between the Issuer and the Partnership (the “Subordinate Loan Agreement”);

WHEREAS, to secure its obligations under the Trust Indenture, the Partnership has agreed to execute a Subordinate Security Agreement dated as of even date herewith (the "Subordinate Security Agreement"), to grant to the Indenture Trustee a first priority security interest in the Partnership's personal property located on the Land, including any equipment, and in the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Partnership's ownership and operation of the Land and Improvements

WHEREAS, to further secure its obligations under the Trust Indenture the Partnership is hereby entering into this Deed of Trust for the benefit of the Indenture Trustee on behalf of the owners of the Bonds;

NOW, THEREFORE, for valuable consideration, including the mutual covenants contained herein and in further consideration of the issuance and sale of the Bonds by the MHPFC and the acquisition of the Project for lease to the Partnership pursuant to the terms of the Ground Lease, the receipt and sufficiency of which are hereby acknowledged, the Partnership hereby agrees as follows:

ARTICLE I SECURED OBLIGATIONS

Section 1.1 Deed of Trust Secures Described Indebtedness. This Deed of Trust is executed and delivered by the Partnership to secure the payment and performance of certain indebtedness, liabilities and obligations owing and to become owing to or in favor of Beneficiary, as follows:

(a) The indebtedness evidenced by the Bonds, being payable in the amounts, at the interest rate, and on the dates stipulated therein, maturing as provided therein, bearing interest on past due amounts as provided therein, and containing provisions for the acceleration of maturity, at the option of the holder thereof, and for the payment of attorneys' fees upon the occurrence of contingencies set forth therein;

(b) any and all amounts, liabilities, and obligations for which or for the performance of which the Partnership may become indebted or obligated under the terms of the Ground Lease, the Trust Indenture (but excluding any obligations not arising from or related to the Bonds) or this Deed of Trust, including, but not limited to, the fees and expenses of the Beneficiary;

(c) any sum or sums constituting other indebtedness (whether now existing or hereafter arising) of the Partnership to Beneficiary related to the Project, which indebtedness may be evidenced in various manners (including, but not limited to, indebtedness evidenced by a promissory note, loan agreement, deed of trust, mortgage, security agreement, open account, overdraft, surety, guaranty, and letter of credit), whether joint or several, direct or indirect, absolute or contingent, due or to become due, primary or secondary, howsoever evidenced or acquired, it being contemplated that the Partnership may hereafter become so indebted to Beneficiary; and

(d) any and all renewals, rearrangements, and extensions of the foregoing items of indebtedness and obligations;

provided, however, that the enumeration of items of indebtedness set forth in paragraphs 1.1(c) and (d) above shall not include and there is expressly excepted therefrom any items of indebtedness owing or to become owing to the Beneficiary for which applicable law prohibits the taking of a lien upon real estate as security, including, but not limited to, items of indebtedness incurred pursuant to Chapters 343 or 346 of the Texas Finance Code.

Section 1.2 Secured Obligations Defined. Each and every item of indebtedness described and included in Section 1.1 above is intended to be fully secured by the liens, assignments, and security interests created under and by virtue of this Deed of Trust; and all such items so secured (now or hereafter existing) are hereinafter collectively called "Secured Obligations."

ARTICLE II GRANT OF MORTGAGED PROPERTIES

Section 2.1 Grant, Sale and Conveyance. For the purposes and trusts hereinafter set forth, and for TEN AND NO/100 DOLLARS (\$10.00) and other good and valuable consideration paid to the Partnership, the receipt and sufficiency of which are hereby acknowledged, the Partnership has GRANTED, SOLD, and CONVEYED, and by these presents does GRANT, SELL, and CONVEY, unto the Mortgage Trustee in trust, with power of sale, all the following described property, to wit:

(a) All those certain tract(s) or parcel(s) of land (the "Land") being situated in Travis County, Texas, being more fully described as set forth on Exhibit A attached hereto and hereby referred to and incorporated herein for all purposes.

(b) To the extent owned by the Partnership and purchased with proceeds of the Bonds, all improvements upon the Land and now or hereafter attached to or placed, erected, constructed, or developed thereon, and all fixtures, materials, equipment, apparatus, furniture, furnishings, building materials, supplies, and other property, real and personal, now or hereafter installed or used thereon or upon the improvements thereon, including, but not limited to, all heating, lighting, refrigerating, plumbing, ventilating, incinerating, water heating, cooling and air-conditioning equipment, fixtures and appurtenances, all engines and machinery, elevators, pumps, motors, window screens, window shades, venetian blinds, awnings, floor coverings, and shrubbery and other chattels and personal property used or furnished in connection with the operation, use, and enjoyment of such real property and the improvements thereon, and all renewals, replacements, and substitutions therefor and additions thereto, all of which said property and fixtures shall be deemed to be a part of and affixed to the above described Land (the "Improvements").

(c) All rents, revenues, profits, income, damages, awards, and proceeds from or attributable to all or any portion of the Land, the Improvements, and any other property, both real and personal, hereinabove described.

(d) To the extent owned by the Partnership and purchased with proceeds of the Bonds, all other articles of personal property, tangible or intangible (the "Personal Property") now or hereafter attached to or used in or about the Land or Improvements or that are necessary or useful for the complete and comfortable use and occupancy of the Land or Improvements for the purposes for which they are to be attached, placed, erected, constructed or developed, or which Personal Property is or may be used in or related to

the planning, development, financing or operation of the Land or Improvements, and all renewals of or replacements or substitutions for any of the foregoing, whether or not the same are or shall be attached to the Land or the Improvements.

(e) All building materials and equipment now or hereafter delivered to and intended to be installed in or on the Land or the Improvements.

(f) All contracts now or hereafter entered into by and between the Partnership and the Original Contractor (as such term is defined in Section 53.001, Texas Property Code, as amended) or between the Partnership and any other party, as well as all right, title and interest of the Partnership under any subcontracts, providing for the construction (original, restorative or otherwise) of any improvements to or on any of the Land or the furnishing of any materials, supplies, equipment or labor in connection with such construction.

(g) The architect contracts and all plans, specifications and drawings of the Land Improvements (including, but not limited to, plat plans, foundation plans, floor plans, elevations, framing plans, cross-section of walls, mechanical plans, electrical plans and architectural and engineering plans, and architectural engineering studies and analysis) heretofore or hereafter prepared by any architect or any engineer, relating to any of the Land.

(h) All agreements now or hereafter entered into and with any party, including any assigned obligations relating to architectural, engineering, management, development or consulting services rendered or to be rendered relating to planning, design, inspection or supervision of the construction, management or development of any of the Land.

(i) Any completion bond, performance bond or labor and material payment bond or other bond relating to the Land or to any contract providing for construction of Improvements to the Land.

(j) The Partnership's rights (but not its obligations) under any contracts relating to the Land, the Improvements or the Personal Property;

(k) All permits, licenses, wastewater discharge capacities, franchises, certificates, and other rights and privileges obtained in connection with the Land, the Improvements and the Personal Property.

(l) All proceeds arising from or by virtue of the sale, lease or other disposition of the Land, the Improvements or the Personal Property.

(m) All proceeds (including premium refunds) of each policy of insurance relating to the Land, the Improvements or the Personal Property.

(n) All proceeds from the taking of any of the Land, the Improvements, the Personal Property or any rights appurtenant thereto by right of eminent domain or by private or other purchase in lieu thereof, including change of grade of streets, curb cuts or other rights of access, for any public or quasi-public use under any law.

(o) All right, title and interest of the Partnership in and to all streets, roads, public places, easements and rights-of-way, existing or proposed, public or private, adjacent to or used in connection with, belonging or pertaining to the Land.

(p) All rights, hereditaments and appurtenances pertaining to the foregoing.

(q) Other interests of every kind and character that the Partnership now has or at any time hereafter acquires in and to the Land, Improvements, and Personal Property described herein and all property that is used or useful in connection therewith, including rights of ingress and egress and all reversionary rights or interests of the Partnership with respect to such property.

(r) All of the accounts, documents, chattel paper, instruments, and general intangibles arising in any manner from the Partnership's ownership and operation of the Project.

(s) The proceeds in cash or otherwise, of the items described in the foregoing clauses, including, without limitation the proceeds of any sale or other disposition of such collateral.

TO HAVE AND TO HOLD the hereinabove described properties, together with the rights, privileges, and appurtenances thereto belonging (all of which properties, rights, privileges, and appurtenances are hereinafter collectively called the "Mortgaged Properties") unto the said Mortgage Trustee and to his substitutes or successors forever, and the Partnership does hereby bind itself, its successors, assigns, and legal representatives to warrant and forever defend all and singular the Mortgaged Properties unto the Mortgage Trustee, its successors and assigns, against every person whomsoever lawfully claiming or to claim the same, or any part thereof, subject only to the specific matters, if any, set forth in Exhibit B attached hereto and made a part hereof (the "Permitted Encumbrances").

Section 2.2 The Partnership's Representations and Covenants Regarding Title.

Without in any way limiting the above conveyance and the warranty herein contained, the Partnership represents itself to be the owner of all the Mortgaged Properties as hereinabove conveyed, and, should any ambiguity exist in regard to the description of said properties, reference may be had to Partnership's ownership of properties held by it in the survey(s), subdivision(s) or section described in Exhibit A hereto for further description of the properties herein conveyed. The Partnership agrees that it will, upon request by the holder of the Secured Obligations, execute any further instruments, amendments, or supplements desired to more adequately describe the Mortgaged Properties which it has agreed to make subject to this Deed of Trust.

Section 2.3 Conveyance is as a Deed of Trust. This conveyance, however, is intended as a deed of trust and security agreement and is made upon the following trusts, terms, and conditions, to wit: In the event the Partnership shall well and truly perform and pay the Secured Obligations (including payment of all principal and all interest and attorneys' fees and other amounts, if any, owing or to become owing thereon) to the legal holder thereof when the same shall become due, then this Deed of Trust and all covenants herein contained shall be null and void and shall be released at the Partnership's cost and expense, otherwise this Deed of Trust shall continue in full force and effect; provided, however, that the Partnership's obligation to indemnify and hold harmless the Beneficiary pursuant to the provisions hereof shall survive any such payment or release.

ARTICLE III ASSIGNMENT OF RENTS

Section 3.1 Assignment. The Partnership does hereby GRANT, TRANSFER, ASSIGN and SET OVER unto Beneficiary, its successors and assigns, the following:

(a) all rights, interests and estates of the Partnership in, to and under, but none of its obligations, responsibilities, or liabilities related to, the existing leases, including the Ground Lease, and those now or hereafter made, executed or delivered, whether written or verbal, covering all or any portion of the Land or the Improvements, together with all renewals, extensions, modifications and replacements thereof (such lease agreements, renewals, extensions, modifications and replacements thereof being hereinafter collectively called the "Leases"); and

(b) all rents, rentals, security deposits, royalties, bonuses, issues, profits, revenue, income, and other sums of money or benefits that may now or hereafter be derived from the Mortgaged Properties, but none of its obligations, responsibilities, or liabilities related to, or arising from the use or enjoyment of any portion thereof or from any lease pertaining thereto, including but not limited to, liquidated damages arising from any default under a lease, amounts that may be collected from any guarantor of a lease, any proceeds payable under any insurance policy covering loss of rents, and any and all rights that the Partnership may have against any lessee, guarantor or sublessee under such Leases (hereinafter collectively called the "Rents").

Subject to the terms of Section 3.2 below, it is the intention of the parties hereto to establish an absolute transfer and assignment of all the right, title, and interest of the Partnership in and to, but none of its obligations, responsibilities or liabilities relating to the Leases and the Rents to Beneficiary and not just to create a security interest.

Section 3.2 Limited License. Although this assignment constitutes an absolute, present and current assignment of all Leases and Rents, so long as there exists no Event of Default (as defined in Article 7 below), the Partnership shall have the right under a limited license granted hereby, and the Beneficiary hereby grants to the Partnership a limited license (the "License") to collect (but not more than one month in advance or two months in advance where one month's rental is attributable to the next ensuing month and one month's rental is attributable to the last month in the lease term, if any, and is collected as security under the provisions of a written lease or rental agreement) all of the Rents arising from or out of the Leases or any renewals or extensions thereof, or from or out of the Mortgaged Properties or any part thereof. The Partnership shall receive such Rents and hold them in trust and as a trust fund to be applied, and the Partnership hereby covenants to apply the Rents so collected, first to the satisfaction and discharge of the Secured Obligations and second, to the satisfaction and discharge of all obligations under the Leases; thereafter, so long as there exists no Event of Default, the Partnership may use the Rents in any manner provided in the Trust Indenture. The License shall be revoked automatically upon the occurrence of an Event of Default and while such remains uncured, but to the extent the Partnership continues to collect the Rents after an Event of Default, the Partnership shall continue to hold the Rents in trust for the benefit of Beneficiary.

Section 3.3 Affirmative Covenants. The Partnership shall, at the sole cost and expense of the Partnership:

- (a) duly and punctually observe, perform and discharge, all and singular the obligations, terms, covenants, conditions and warranties of the lessor under the Leases; and
- (b) give prompt written notice to Beneficiary of any material failure on the part of the Partnership to observe, perform and discharge the same or of any claim made by any lessee of any such failure by the Partnership; and
- (c) notify and direct, in writing, each and every present or future lessee or occupant of the Mortgaged Properties or of any part thereof that any security deposit or other deposits heretofore delivered to the Partnership have been retained by the Partnership or assigned and delivered to Beneficiary as directed by Beneficiary after the occurrence and continuation of an Event of Default, as the case may be; and
- (d) enforce, short of termination of the Leases, or secure in the name of Beneficiary, the performance of each and every obligation, term, covenant, condition and agreement in the Leases to be performed by any lessee or any guarantor; and
- (e) appear in and defend any action or proceeding arising under, occurring out of or in any manner connected with the Leases or the obligations, duties, or liabilities of the Partnership and any lessee thereunder, do so in the name and on behalf of Beneficiary upon request by Beneficiary, but at the expense of the Partnership, and pay all costs and expenses of Beneficiary, including reasonable attorney's fees and disbursements, in any action or proceeding in which Beneficiary may appear; and
- (f) keep the Mortgaged Properties leased at a good and sufficient rental and on other terms and conditions reasonably acceptable to Beneficiary; and
- (g) provide a written list to the Mortgage Trustee of any Improvements or Personal Property owned by the Partnership and purchased with funds other than proceeds of the Bonds; and
- (h) at the request of Beneficiary after the occurrence and during the continuance of an Event of Default, execute a written instrument evidencing that the rights, title, and interest of the Partnership in and to, but none of its obligations, responsibilities or liabilities relating to such future Leases have been transferred and assigned to Beneficiary in accordance with the terms and conditions as herein contained; and
- (i) make, execute and deliver to Beneficiary and at any time or times, any and all assignments and other documents and other instruments which Beneficiary may reasonably deem advisable to carry out the true purposes and intent of this Assignment.

Section 3.4 Negative Covenants. The Partnership shall not, except in compliance with the terms of the Trust Indenture, the Ground Lease or other Leases, and except as also provided below:

- (a) cancel, terminate or consent to any surrender of any of the Leases; or

- (b) commence any action or ejectment or any summary proceedings for dispossession of any lessee under any of the Leases or exercise any right of recapture provided in any of the Leases; or
- (c) modify, extend, or in any way alter the term of any of the Leases; or
- (d) waive or release any lessee or any guarantor from any obligations or conditions to be performed by any lessee or any guarantor under any of the Leases; or
- (e) enter into any other Leases (other than the Ground Lease) for all or any part of the Mortgaged Properties; or
- (f) renew or extend the term of any Leases unless an option therefor was originally so reserved by the lessee for a fixed and definite rental; or
- (g) consent to any modification of the express purposes for which the Mortgaged Properties or any portion thereof has been leased (Beneficiary shall have the right to refuse to consent to this request in its sole discretion taking into account the interests of the holders of the Bonds); or
- (h) consent to any subletting of Mortgaged Properties or any part thereof, to any assignment of any Leases by any lessee thereunder, or to any assignment or further subletting of any sublease; or
- (i) receive or collect any Rents from any lessee for a period of more than one month in advance or two months in advance where one month's rental is attributable to the next ensuing month and one month's rental is attributable to the last month in the lease term, if any, and is collected as security under the provisions of a written lease or rental agreement, if any (whether in cash or by evidence of indebtedness); or
- (j) pledge, transfer, mortgage or otherwise encumber or assign or permit an encumbrance upon future payments of Rents or any other interest of the Partnership in the Leases other than as set out in this Deed of Trust; or
- (k) waive, excuse, condone, discount, set off, compromise or in any manner release or discharge any lessee under any Leases of and from any obligations, covenants, conditions, and agreements to be kept, observed and performed by such lessee including the obligation to pay Rents thereunder in any manner and at any time and place specified therein.

Section 3.5 Appointment of Attorney-in-Fact. Subject to the License as described and limited in Section 3.2 above, the Partnership hereby constitutes and appoints Beneficiary the true and lawful attorney-in-fact, coupled with an interest, of the Partnership, empowered and authorized (but in no way obligated) in the name, place and stead of the Partnership to demand, sue for, attach, levy, recover and receive the Rents, or any premium or penalty payable upon the exercise by any lessee under any Leases of a privilege of cancellation originally provided in any such Leases, and to give proper receipts, releases, and acquittances therefor and, after deducting expenses of collection, to apply the net proceeds as a credit upon any portion of the Secured Obligations selected by Beneficiary, notwithstanding the fact that such portion of the Secured Obligations may not then be due and payable or that such portion of the Secured Obligations is otherwise adequately secured; and the Partnership does hereby authorize and direct any such

lessee to deliver such payment to Beneficiary, in accordance with this assignment, and the Partnership hereby ratifies and confirms all that its said attorney-in-fact shall do or cause to be done by virtue of the powers granted hereby. The foregoing appointment is irrevocable and continuing and such rights, powers and privileges shall be exclusive in Beneficiary, its successors and assigns, so long as any part of the Secured Obligations secured hereby remain unpaid and undischarged. A lessee need not inquire into the authority of Beneficiary to collect any Rents, and its obligations to pay Rents to the Partnership shall be absolutely discharged to the extent of any payment to Beneficiary. Subject to the License, the Partnership hereby constitutes and appoints Beneficiary the true and lawful attorney-in-fact, coupled with an interest, of the Partnership, empowered and authorized (but in no way obligated) in the name and stead of the Partnership to subject and subordinate at any time any Leases or any part thereof to the lien and security interest of this Deed of Trust, or to request or require such subordination in any case where the Partnership otherwise would have the right, power or privilege so to do, and to cause some or all of the provisions of any Leases that are subordinate to the lien and security interest of this Deed of Trust to become superior to this Deed of Trust. The foregoing appointment is irrevocable and continuing and such rights, powers and privileges shall be exclusive in Beneficiary, its successors and assigns, so long as any Secured Obligations secured hereby remain unpaid and discharged, and the Partnership hereby warrants that the Partnership has not at any time prior to the date hereof exercised any such right, and the Partnership hereby covenants not to exercise any such right, to subordinate any such Leases to the lien of this Deed of Trust, or to any other mortgage, deed of trust or security agreement or to any ground lease.

Section 3.6 Default. If an Event of Default shall have occurred and remains uncured, then Beneficiary may, at its option, without notice and without regard to the adequacy of security for the Secured Obligations hereby secured, terminate the License, and either in person or by agent, with or without bringing any action or proceedings, or by a receiver to be appointed by court, enter upon, take possession of, manage and operate the Mortgaged Properties or any portion thereof; make, cancel, enforce or modify Leases to the same extent that the Partnership could do; obtain and evict lessees, and fix or modify Rents, and do any acts which the Beneficiary deems proper to protect the security hereof; and either with or without taking possession of the Mortgaged Properties, in its own name sue for or otherwise collect and receive such Rents (including lessee's security deposits and Rents that are past due and unpaid), and apply the same, less costs and expenses of operation and collection, including attorneys' fees, upon any Secured Obligations secured hereby, in such order as the Beneficiary may determine subject to the provisions of the Trust Indenture. Upon demand by Beneficiary, the Partnership shall deliver to Beneficiary all lessees' security deposits which the Partnership has in its possession or control. The entering upon and taking possession of the Mortgaged Properties or the collection of the Rents and security deposits and the application thereof as aforesaid, shall not cure or waive any default under the documents evidencing or securing the Secured Obligations, or waive, modify or affect notice of an Event of Default, or invalidate any act done pursuant to such notice. Beneficiary may exercise its rights under this paragraph as often as any such Event of Default may occur, and the exercise of such right shall not constitute a waiver of any of the other remedies of the Beneficiary under this Deed of Trust or other document evidencing or securing the Secured Obligation. The Partnership's right to occupy and use the Land, the Improvements and the Personal Property pursuant to the Ground Lease shall not be affected by any sale, possession or management pursuant hereto unless the Ground Lease has been terminated pursuant to the applicable provisions thereof and of the Trust Indenture.

Section 3.7 No Obligation of Beneficiary. It is understood that Beneficiary's acceptance of this assignment shall not operate to place responsibility for the control, care, management or repair of the Mortgaged Properties upon Beneficiary, nor for the carrying out of

any of the terms and conditions of said Leases; nor shall it operate to make Beneficiary responsible or liable for any waste committed on the Mortgaged Properties by the lessees or any other parties, or for any dangerous or defective condition of the Mortgaged Properties, or for any negligence in the management, upkeep, repair or control of the Mortgaged Properties resulting in loss or injury or death to the Partnership or any lessee, licensee, employee or stranger. Beneficiary shall not be liable for any loss sustained by the Partnership resulting from Beneficiary's failure to let the Mortgaged Properties after default or from any other act or omission of Beneficiary in dealing with the Mortgaged Properties after default. Beneficiary shall not be obligated to perform or discharge, nor does Beneficiary hereby undertake to perform or discharge, any obligation, duty or liability under any of the Leases or under or by reason of this assignment and TO THE EXTENT IT LEGALLY MAY, PARTNERSHIP SHALL, AND DOES HEREBY AGREE, TO INDEMNIFY BENEFICIARY AND MORTGAGE TRUSTEE FOR, AND TO HOLD BENEFICIARY, MORTGAGE TRUSTEE, ITS AGENTS, EMPLOYEES, OFFICERS AND ATTORNEYS HARMLESS FROM, ANY AND ALL LIABILITY, LOSS OR DAMAGE WHICH MAY OR MIGHT BE INCURRED UNDER SAID LEASES OR UNDER OR BY REASON OF THIS ASSIGNMENT AND FROM ANY AND ALL CLAIMS AND DEMANDS WHATSOEVER WHICH MAY BE ASSERTED AGAINST BENEFICIARY OR MORTGAGE TRUSTEE BY REASON OF ANY ALLEGED ACTIONS OR UNDERTAKINGS ON ITS PART TO PERFORM OR DISCHARGE ANY OF THE TERMS, COVENANTS OR AGREEMENTS CONTAINED IN THE LEASES. SHOULD BENEFICIARY OR MORTGAGE TRUSTEE, THEIR AGENTS, EMPLOYEES, OFFICERS AND ATTORNEYS INCUR ANY SUCH LIABILITY UNDER THE LEASES OR UNDER OR BY REASON OF THIS ASSIGNMENT OR IN DEFENSE OF ANY SUCH CLAIMS OR DEMANDS, THE AMOUNT THEREOF, INCLUDING COSTS, EXPENSES AND REASONABLE ATTORNEYS' FEES, SHALL BE SECURED HEREBY AND PARTNERSHIP SHALL REIMBURSE BENEFICIARY OR MORTGAGE TRUSTEE THEREFOR IMMEDIATELY UPON DEMAND, AND UPON THE FAILURE OF PARTNERSHIP SO TO DO, BENEFICIARY OR MORTGAGE TRUSTEE MAY, AT ITS OPTION, UPON THE CONTINUATION OF SUCH CONDITION FOR SIXTY (60) DAYS AFTER WRITTEN NOTICE TO PARTNERSHIP, DECLARE ALL OF THE SECURED OBLIGATIONS SECURED HEREBY IMMEDIATELY DUE AND PAYABLE. SUCH INDEMNITY SHALL NOT APPLY WHERE IT IS PROVEN THAT BENEFICIARY OR MORTGAGE TRUSTEE OR ITS SUCCESSORS OR ASSIGNS WERE NEGLIGENT OR WHERE IT IS PROVEN THAT BENEFICIARY OR MORTGAGE TRUSTEE OR ITS SUCCESSORS OR ASSIGNS ENGAGED IN WILLFUL MISCONDUCT.

Section 3.8 No Waiver of Beneficiary's Rights. Nothing contained in this assignment and no act done or omitted by Beneficiary pursuant to the powers and rights granted to it hereunder shall be deemed to be a waiver by Beneficiary of its other rights and remedies under the Ground Lease, the Trust Indenture, this Deed of Trust or other document evidencing or securing the Secured Obligations, and this assignment is made and accepted without prejudice to any of the other rights and remedies possessed by Beneficiary under the terms of the Ground Lease, the Trust Indenture, this Deed of Trust and other documents evidencing or securing the Secured Obligations. The right of Beneficiary to collect the principal sum, interest and other indebtedness under the Bonds and to enforce any security therefor held by it may be exercised by Beneficiary either prior to, simultaneously with, or subsequent to any action taken by it hereunder.

Section 3.9 Warranties Concerning Leases and Rents. The Partnership represents and warrants to Beneficiary that:

- (a) The Partnership has good title to the Leases and Rents hereby assigned and the authority to assign them, and no other person or entity has any right, title or interest therein, and no Rents have been or will be assigned, mortgaged or pledged; and
- (b) all existing Leases, including, but not limited to, the Ground Lease, are valid, unmodified and in full force and effect, and no default exists thereunder; and
- (c) no Rents have been or will be, without Beneficiary's prior written consent, anticipated, waived, released, discounted, setoff or compromised; and
- (d) except as indicated in the Leases, the Partnership has not received any funds or deposits from any lessee for which credit has not already been made on account of accrued Rents; and
- (e) no settlement for damages for termination of any of the Leases under the United States Bankruptcy Code or under any other federal, state, or local statute shall be made without the prior written consent of Beneficiary, and any check in payment of such damages shall be made payable to both the Partnership and Beneficiary, and the Partnership agrees to endorse any check for such payment to the order of Beneficiary, to be applied to the Indebtedness as Beneficiary may elect.

Section 3.10 Termination of Assignment of Leases. Upon the payment or performance in full of the Secured Obligations, this assignment shall become void and of no effect, but the affidavit of any officer or loan correspondent of the Beneficiary stating that any part of the Secured Obligations remains unpaid shall be and constitute evidence of the validity, effectiveness and continuing force of this assignment, and any person may and is hereby authorized to rely thereon.

Section 3.11 Right to Enforce the Leases. In exercise of the rights and powers created under this Article 3, the Partnership specifically agrees that Beneficiary, Beneficiary's agent, or the Mortgage Trustee, as such party may see fit, may, subject to the terms of the Trust Indenture and subject to the License as described and limited in Section 3.2 above, use against the Partnership or any other persons lawful or peaceable means to enforce the collection of any such rents, revenues, profits, and income, and to secure possession of the Mortgaged Properties, or any part thereof; settle or compromise on any terms the liability of any person or persons for any such rents, revenues, profits, or income; institute and prosecute to final conclusion actions of forcible entry and detainer, or actions of trespass to try title, or actions for damages, or any other appropriate actions, in the name of such person or in the name of the Partnership; and settle, compromise, or abandon any such actions. In furtherance of the foregoing and not by way of limitation, the Partnership binds itself to take whatever lawful or peaceful steps Beneficiary may ask them to take for such purposes, including the institution and prosecution of actions of the character above stated; provided, however, the Partnership recognizes that neither the Mortgage Trustee, Beneficiary, or any person acting on behalf of Beneficiary shall ever be required to collect any such rents or income or be liable or chargeable for failure so to do.

Section 3.12 Beneficiary Not Mortgagee-in-Possession. Neither the foregoing assignment of Rents and Leases to the Beneficiary, nor the exercise by the Beneficiary of any of its rights or remedies hereunder shall be deemed to make the Beneficiary a "mortgagee-in-

possession” or otherwise liable in any manner with respect to the Mortgaged Properties, unless Beneficiary, in person or by agent, assumes actual possession thereof. Nor shall appointment of a receiver for the Mortgaged Properties by any court at the request of the Beneficiary or by agreement with the Partnership, or the entry into possession of the Mortgaged Properties by such receiver, be deemed to make the Beneficiary a “mortgagee-in-possession” or otherwise liable in any manner with respect to the Mortgaged Properties.

Section 3.13 Notice of Default Under the Leases. The Partnership shall immediately give written notice to the Beneficiary of any material default under any of the Leases, together with a complete copy of any notices delivered to or by the tenant as a result of such default. The Beneficiary shall have the right, but not the obligation, to cure any default of the Partnership under any of the Leases, and all amounts disbursed in connection with said cure shall be deemed to be a part of the indebtedness secured hereby. The Leases shall provide that the Beneficiary shall have the right, but not the obligation, to cure any default of the Partnership under such lease.

Section 3.14 Form of the Lease to be Used. The Partnership must obtain the prior written consent of the Beneficiary to the form of lease (except the Ground Lease) proposed to be used by the Partnership with any future tenant.

ARTICLE IV SECURITY AGREEMENT

Section 4.1 Grant of Security Interest. Without limiting any of the other provisions of this Deed of Trust or the Security Agreement and cumulative of the rights granted in the Security Agreement, the Partnership, as Debtor (referred to in this Article 4 as “Debtors,” whether one or more), expressly GRANT unto Beneficiary, as Secured Party (referred to in this Article 4 as “Secured Party,” whether one or more), a security interest in all the Mortgaged Properties (including both those now and those hereafter existing) to the full extent that the Mortgaged Properties may be subject to the Uniform Commercial Code—Secured Transactions (Chapter 9, Texas Business and Commerce Code, as amended) (hereinafter called the “Uniform Commercial Code”). The mailing address for the Secured Party is 13737 Noel Road, Suite 800, Dallas Texas 75240. The mailing address for Debtors is set forth below Debtor’s signature to this Deed of Trust.

Section 4.2 Debtors Covenants. Debtors covenant and agree with Secured Party as follows:

(a) In addition to any other remedies granted in this Deed of Trust to Secured Party or the Mortgage Trustee (including specifically, but not limited to, the right to proceed against all of the Mortgaged Properties in accordance with the rights and remedies in respect of those Mortgaged Properties which are real property pursuant to Section 9.604 of the Uniform Commercial Code), Secured Party may, should an Event of Default occur, proceed under the Uniform Commercial Code as to all or any part of the personal property (tangible or intangible) and fixtures included in the Mortgaged Properties (such portion of the Mortgaged Properties being referred to in this Article 4 as the “Collateral”), and shall have and may exercise with respect to the Collateral all the rights, remedies, and powers of a secured party under the Uniform Commercial Code, including, without limitation, the right and power to sell, at one or more public or private sales, or otherwise dispose of, lease, or utilize the Collateral and any part or parts thereof in any manner authorized or permitted under the Uniform Commercial Code after default by a debtor, and to apply the proceeds thereof toward payment of any costs and expenses and attorneys’ fees and legal

expenses thereby incurred by Secured Party, and toward payment of the Secured Obligations in such order or manner as Secured Party may elect.

(b) Among the rights of Secured Party upon occurrence of an Event of Default and without limitation, Secured Party shall have the right, by any lawful means, to take possession of the Collateral or any part thereof and to enter, in any lawful manner, upon any premises where same may be situated for such purpose without being deemed guilty of trespass and without liability for damages thereby occasioned, and to take any lawful action deemed necessary, appropriate or desirable by Secured Party, to repair, refurbish, or otherwise prepare the Collateral for sale, lease, other use or disposition as herein authorized.

(c) To the extent permitted by law, Debtor expressly waives any notice of sale or other disposition of the Collateral and any other rights or remedies of a debtor or formalities prescribed by law relative to sale or disposition of the Collateral or exercise of any other right or remedy of Secured Party existing after default hereunder; and, to the extent any such notice is required and cannot be waived, Debtor agrees that, if such notice is mailed, postage prepaid, to Debtor at the address shown opposite Debtor's signature hereinbelow at least five (5) days before the time of the sale or disposition, such notice shall be deemed reasonable and shall fully satisfy any requirement for giving of said notice.

(d) Upon occurrence of an Event of Default and while such remains uncured, after the expiration of any required cure period Secured Party is hereby granted the express right, at its option, to transfer to itself or to its nominee, the Collateral, or any part thereof, to notify any obligor or account debtor in the case of any Collateral to make payment directly to Secured Party, and to receive the money, income, proceeds or benefits attributable or accruing thereto and to hold the same as security for the Secured Obligations or to apply the same on the principal and interest or other amounts owing on any of the Secured Obligations, whether or not then due, in such order or manner as Secured Party may elect, subject to the Trust Indenture. With respect to the Collateral, Debtor, for itself, its heirs and assigns, hereby expressly and specifically waive all rights to a marshaling of the assets of Debtor, including the Collateral, or to a sale in inverse order of alienation.

(e) All recitals in any instrument of assignment or any other instrument executed by Secured Party or by the Mortgage Trustee incident to sale, transfer, assignment, lease, or other disposition or utilization of the Collateral or any part thereof hereunder shall be full proof of the matters stated therein, no other proof shall be requisite to establish full legal propriety of the sale or other action or of any fact, condition or thing incident thereto, and all prerequisites of such sale or other action and of any fact, condition or thing incident thereto shall be presumed conclusively to have been performed or to have occurred.

(f) Secured Party may require Debtor to assemble the Collateral and make it available to Secured Party at a place to be designated by Secured Party that is reasonably convenient to both parties. Debtor shall be fully liable for all expenses of retaking, holding, preparing for sale, lease or other use or disposition, selling, leasing or otherwise using or disposing of the Collateral which are incurred or paid by Secured Party as authorized or permitted hereunder, including also all attorneys' fees, legal expenses, and costs, all of which expenses and costs shall constitute a part of the Secured Obligations.

(g) Certain of the Collateral is or will become “fixtures” (as that term is defined in the Uniform Commercial Code) on the Land, and this Deed of Trust upon being filed for record in the real property records shall operate also as a financing statement upon such of the Collateral which is or may become fixtures. Debtor has an interest of record in the Land.

(h) Any copy of this Deed of Trust which is signed by Debtors or any carbon, photographic, or other reproduction of this Deed of Trust may also serve as a financing statement under the Uniform Commercial Code by Debtor, whose address is set opposite its signature hereinbelow, in favor of Secured Party, whose address is set out hereinabove.

(i) So long as any Secured Obligations remain outstanding, unless the prior written specific consent and approval of Secured Party shall have first been obtained, Debtor will not execute and there will not be filed in any public office any financing statement or statements affecting the Collateral other than financing statements in favor of Secured Party hereunder.

Section 4.3 Debtor’s Warranties and Representations. Debtor warrants and represents to Secured Party that, except for the security interest granted hereby in the Collateral, Debtor is the owner and holder of the Collateral, free of any adverse claim, security interest or encumbrance (other than as disclosed in Exhibit B hereto and the Lease), and Debtor agrees to defend the Collateral against all claims and demands of any person at any time claiming the same or any interest therein (subject to the matters described in Exhibit B hereto). Debtor further warrants and represents with respect to the Collateral that it has not heretofore signed or authorized the filing of any financing statement and that no financing statements signed or authorized by Debtor are now on file in any public office except those statements true and correct copies of which have been delivered to Secured Party.

ARTICLE V CERTAIN COVENANTS AND WARRANTIES OF PARTNERSHIP

Section 5.1 Covenants and Warranties of the Partnership. As further assurances with regard to the Secured Obligations, the Partnership, or the District on behalf of the Partnership as covenanted in the Ground Lease, hereby covenants, warrants, and agrees in favor of Beneficiary, as follows:

(a) The Partnership hereby agrees and binds itself to perform and pay the Secured Obligations and every installment of principal and interest thereof promptly as the same becomes due or payable.

(b) The [Class B Partner?], on behalf of the Partnership, has covenanted and agreed in the Ground Lease to pay all taxes and assessments of every kind or character charged, levied, or assessed against the Mortgaged Properties or any part thereof, before any such taxes or assessments become delinquent; to pay all water, gas, sewer, electricity, and other utility rates and charges with regard to the Mortgaged Properties; to pay all maintenance fees or charges of any owners’ association or like group assessed with respect to the Mortgaged Properties; to pay any ground rents or charges for any easement, license, or agreement existing for the benefit of the Mortgaged Properties; to

pay any interest, costs or penalties with respect to the foregoing items; and, upon request of Beneficiary, to furnish to Beneficiary evidence of the timely payment of such items.

(c) The [Class B Partner?], , on behalf of the Partnership, at its sole cost and expense, has agreed to obtain and maintain insurance of the types and in the amounts specified in the Ground Lease. All such insurance policies shall be with companies meeting the requirements of the Ground Lease and shall otherwise satisfy the requirements of the Ground Lease.

(d) The [Class B Partner?], on behalf of the Partnership, has covenanted and agreed in the Ground Lease to keep and maintain the improvements now or at any time hereafter constituting a portion of the Mortgaged Properties in a state of good repair and condition; to make all repairs, replacements, reconstructions and restorations necessary to keep such improvements in such condition; and not to tear down or remove or permit to be torn down or removed any such improvements now existing or hereafter erected.

(e) The Partnership covenants and agrees that, should it be discovered after the execution and delivery hereof, that there is a lien or encumbrance of any nature whatsoever upon the Mortgaged Properties or any part thereof, equal or superior in rank to the lien of this Deed of Trust, or in case of an error or defect herein, or the execution or acknowledgment hereof, the Partnership shall, upon demand from Beneficiary, correct such defects in such title, or remove said liens or encumbrances or homestead claim, or correct such error or defect in this Deed of Trust or its execution or any acknowledgment hereof.

(f) The Partnership covenants and agrees that, after any sale under this Deed of Trust, it, or its successors or assigns, shall be mere tenants at sufferance of the purchaser of the property at said sale, and that such purchaser shall be entitled to immediate possession thereof, and that, if the Partnership fails to vacate such property immediately, such purchaser may and shall have the right to go into any justice court having venue, or in any other court hereafter having jurisdiction of forcible detainer actions, and file an action in forcible detainer, which action shall lie against the Partnership or its successors or assigns as tenants at sufferance.

(g) The Partnership expressly agrees that Beneficiary shall be fully subrogated to the rights of all holders of any vendor's liens or other liens whose indebtedness is paid in whole or in part with the proceeds of the Secured Obligations. To the extent that the Secured Obligations represent funds advanced for the acquisition of any of the Mortgaged Properties, the Partnership acknowledges and agrees that Beneficiary is entitled to a vendor's lien securing the payment of said indebtedness, and the Partnership further specifically covenants, stipulates and agrees that foreclosure under the power of sale contained in this Deed of Trust shall operate to fully foreclose such vendor's lien.

(h) The Partnership covenants and agrees that Beneficiary shall treat (i) any sale, transfer, or conveyance of the Mortgaged Properties or any interest therein, or (ii) any "change in control" (hereinafter defined) of the Partnership, or any of them without the prior consent of Beneficiary (each a "Transfer"), as an Event of Default, and thereupon may invoke any remedies permitted by this Deed of Trust. The term "change in control" within the meaning of this paragraph 5.1(h) shall mean with respect to the Partnership any consolidation of the District with another school district, or a proposed dissolution of the

District, which would allow the consolidated or successor school district to direct the management or policies of the Partnership.

(i) The Partnership covenants and agrees that Beneficiary shall treat any mortgage, pledge, hypothecation, or encumbrance of the Mortgaged Properties or any interest therein without the prior consent of Beneficiary (herein collectively referred to as "Pledge"), whether or not such Pledge is expressly subordinate to the lien of this Deed of Trust, as an Event of Default and thereupon may invoke any remedies permitted by this Deed of Trust.

(j) The Partnership will not permit removal of any item of personal property or fixtures constituting a portion of the Mortgaged Properties unless, simultaneously therewith, such item is replaced by a like item of equal or greater value and in good working condition with the lien and security interest of this Deed of Trust to attach to such replacement item free from any other lien, security interest, conditional sale, title retention, lease, or other encumbrance.

(k) The Partnership will give Beneficiary prompt written notice of any casualty loss, threat of condemnation, condemnation, or taking affecting all or any portion of the Mortgaged Properties.

(l) In the event the Secured Obligations shall become due and payable by virtue of an Event of Default, the Partnership agrees that any tender of payment of the Secured Obligations prior to a foreclosure sale shall, at the option of Beneficiary, be deemed a voluntary prepayment by the Partnership requiring the payment of any prepayment penalty, or redemption premium required under the terms of the Secured Obligations to the full extent that such payment, when added to all other amounts then and theretofore paid and which constitute interest, would not exceed the maximum lawful interest permitted to be charged the Partnership.

(m) The Partnership represents to the Beneficiary that, to the best of its knowledge, there exists no violation of any federal, state or local environmental laws on the Mortgaged Property.

ARTICLE VI ESCROW FUND

Section 6.1 Escrow Requirement Following a Default in Timely Payment of Taxes and Insurance. Subject to Section [REDACTED] of the Ground Lease, if the Partnership, or the [Class B Partner] on behalf of the Partnership, fails to timely pay any taxes or impositions levied or assessed against the Mortgaged Properties or any insurance premiums related to the Mortgaged Properties, then on the written request of the Beneficiary and in order to create a fund to provide for the payment of taxes, assessments and insurance on the Mortgaged Properties, the Partnership agrees that it will pay to the Beneficiary or to such other party as the Beneficiary may designate, as a depository, or any successor depository hereafter named, on the first day of each month hereafter until the Secured Obligations are discharged in full, the following sums: An installment of the taxes and assessments to be due upon the Mortgaged Properties and an installment of the premiums that will become due and payable to renew the insurance on the Mortgaged Properties against loss by fire or other hazards as herein elsewhere set forth. These installments shall be equal, respectively, to the estimated premiums for such insurance and taxes and assessments due (as estimated by the depository), less all installments already paid therefor,

divided by the number of months that are to elapse before one month prior to the date when such premiums and taxes and assessments become delinquent. The depository shall hold the aforesaid installments as a general deposit and not as trustee or agent for the Partnership. The Partnership agrees that such installments so paid may be held by the depository without interest, and that such installments held by the depository shall be in the nature of a debt of the depository to the Partnership, which debt and all other obligations of the depository with respect to such installments shall be fully satisfied upon payment (to the extent of such installments received by the depository) of such insurance premiums, taxes, and assessments before the same become delinquent. The Partnership agrees to look only to such depository for the application of said installments and not to the Beneficiary. If the total of the installments made by the Partnership pursuant to provisions of this paragraph shall exceed the amount required for a particular maturity of taxes, assessments, or insurance premiums, as the case may be, the excess shall be credited by the depository on subsequent payments of the same nature to be made by the Partnership. If, however, the installments made by the Partnership pursuant to provisions of this paragraph shall not be sufficient to pay taxes, assessments, and insurance premiums, as the case may be, when the same shall become due and payable, then the Partnership shall, upon demand therefor, pay to the depository any amount necessary to make up the deficiencies on or before the date when the payment of such taxes, assessments, or insurance premiums shall become due. If the Partnership fails to do so, the depository shall notify the Beneficiary, and the Beneficiary shall then have the right to treat the same as an Event of Default under this Deed of Trust. In the event that installment payments upon the Secured Obligations are required less often than monthly, the installment payments required under this paragraph shall become due and payable at the same times as the installment payments upon the Secured Obligations; provided, however, in no event shall the payments required under this paragraph become due and payable less frequently than semiannually. In the event said depository should dissolve its corporate existence or should fail or refuse to further act in connection with the payment of such indebtedness for premiums, taxes, or assessments, Beneficiary shall have the right to appoint a successor depository to whom such payment may be made. Should an Event of Default result in foreclosure by the Trustee's sale or otherwise, said depository shall pay to the Beneficiary the aforesaid fund to be credited on the Secured Obligations. Any amount remaining in the deposit fund following satisfaction and final payment of the Secured Obligations shall be returned to the Partnership.

Section 6.2 Premium Installment Payments. If the premiums for the insurance upon the Mortgaged Properties are financed under a separate installment note plan, the installments to be paid under Section 6.1 shall further include appropriate amounts to defray interest to accrue upon such note plan, and the depository shall be entitled to pay out of such funds such amounts of interest as same accrues and becomes payable. The Partnership agrees to furnish promptly to the depository true copies of all installment notes for such financing of insurance premiums when executed.

Section 6.3 Beneficiary and Depository Not Liable. No depository acting hereunder shall be liable in any way or under any theory in the event payments under this Article 6 are waived or abated by consent of Beneficiary. The unexpended portion of payments made hereunder shall be established only by written certification from the depository.

ARTICLE VII DEFAULTS

Section 7.1 Event of Default. Should any of the following events or conditions occur, the same shall constitute an event of default under this Deed of Trust (herein called an “Event of Default”):

(a) The Partnership shall fail or refuse to pay all or any portion of the Secured Obligations within ten (10) days after the same are due and subject to any other grace periods applicable to such payments in the documents evidencing such Secured Obligations.

(b) The Partnership, or the [Class B Partner?] District on its behalf, shall fail to perform or to fulfill in a timely manner any of its covenants and obligations contained in this Deed of Trust and which failure is not otherwise described in this Section 7.1, within thirty (30) days after written notice of such failure is given by Beneficiary to the Partnership and subject to any other applicable grace periods contained in this Deed of Trust or the documents evidencing and securing the Secured Obligations. If such failure is of a nature that can be cured, but not within the thirty (30) day period despite diligent efforts, an Event of Default shall not occur if the Partnership, or the District on its behalf, commences to cure the failure within said thirty (30) day period and thereafter diligently pursues the cure of such failure to completion and provides the Beneficiary with a certification to that effect.

(c) Any warranty or representation of the Partnership set forth in this Deed of Trust shall prove untrue, false or misleading in any material respect.

(d) Any insurance policy required to be maintained by the District under the Ground Lease is not kept in full force and effect.

(e) The Partnership shall become insolvent, be the subject of an order for relief, or a custodian, receiver, or other such officer of its property be appointed, or should any liquidation, reorganization, arrangement, or other proceeding under any bankruptcy law or other law for the relief of debtors be requested by or instituted against the Partnership and not be dismissed or discharged within sixty days thereafter.

(f) There shall occur any levy or execution of any attachment, execution, or other process against any of the Mortgaged Properties, unless timely and completely stayed by appropriate proceedings.

(g) An event of default (however so denominated) shall have occurred under the Trust Indenture.

(h) An Event of Nonappropriation shall have occurred under the Ground Lease.

Section 7.2 Remedies. Upon the occurrence of an Event of Default, so long as such default remains uncured after the expiration of any required cure period, Beneficiary shall have the option and right, but not the duty, to take any one or more of the following actions to the extent permitted by applicable law: (i) without demand, presentment, notice of intent to accelerate, notice of acceleration, or other notice or demand, all of which are expressly waived by the Corporation, declare the Secured Obligations immediately due and payable; (ii) proceed to

enforce the lien of this Deed of Trust; and (iii) pursue any and all other remedies available to Beneficiary whether set forth herein or otherwise available at law or in equity.

Section 7.3 Remedies Cumulative. Each of the rights and remedies set forth in this Deed of Trust or available at law or in equity shall be cumulative and concurrent, may be pursued jointly or severally against the Partnership or any of the Mortgaged Properties, and shall be nonexclusive. The election to pursue any such right or remedy shall not be deemed a waiver, then or thereafter, to pursue any other such right or remedy.

Section 7.4 No Waiver. The acceptance of payment of any portion of the Secured Obligations after its due date or after the giving of notice of an Event of Default and of election to accelerate the maturity of the Secured Obligations shall not waive any right of the Beneficiary to require prompt payment when due of all other sums constituting Secured Obligations or to declare an Event of Default for failure to pay the entire unpaid balance of the Secured Obligations, or any right of Beneficiary to proceed with foreclosure sale pursuant to any such notice and acceleration for any unpaid balance of the Secured Obligations. Waiver of a right granted to the Beneficiary as to one transaction or occurrence shall not be deemed a waiver of such right as to any subsequent transaction or occurrence.

For the avoidance of doubt, the Beneficiary shall not be required to take notice or be deemed to have notice of any Event of Default under this Deed of Trust unless the Beneficiary shall be specifically notified of such Event of Default in writing by the Partnership or the District, and in the absence of such notice the Beneficiary may conclusively assume that no Event of Default exists.

ARTICLE VIII CERTAIN REMEDIES; POWER OF SALE

Section 8.1 Beneficiary's Right to Advance. In the event that the District or the Partnership fails or refuses to pay any taxes or assessments upon the Mortgaged Properties before the same become delinquent, fails to take out or procure or maintain such insurance as is required by the Ground Lease or this Deed of Trust, or fails to perform any other covenant or to pay any other obligation of the District or the Partnership set forth in the Ground Lease or this Deed of Trust or set forth in any other agreement or instrument evidencing or securing the Secured Obligations, then in any such case the Beneficiary, at its option and without any obligation to do so, may pay any such taxes or assessments (without being required to examine the legality of same), take out or procure such insurance, or tender such performance or payment. All amounts advanced by the Beneficiary as aforesaid shall be due and payable upon demand, shall become a part of the Secured Obligations, shall bear interest from the date such payments are advanced until the repayment thereof at the highest nonusurious rate of interest set forth in the instruments evidencing the Secured Obligations, and shall be fully secured by the liens, assignments, and security interest of this Deed of Trust. Any amounts so paid, as well as the time of payment thereof, shall be deemed fully established by the affidavit or certificate of the Trustee or the Beneficiary. The Partnership agrees that the payment of such taxes or assessments, the procuring and maintaining of such insurance, or the tendering of any such performance or payment by the Beneficiary shall not prevent the Beneficiary from declaring the Secured Obligations to be due and payable under the provisions hereof by reason of such Event of Default and pursuing any other remedies available to the Beneficiary should the Beneficiary so elect.

Section 8.2 Trustee to Sell Upon Request of Beneficiary. Upon an Event of Default and so long as such remains uncured, it shall thereupon be the duty of the Mortgage Trustee, or its successors, as hereinafter provided, at the request of the Beneficiary (which request shall be presumed), to enforce this trust and to sell the Mortgaged Properties, as an entirety or in parcels, by one sale or by several sales, held at one time or at different times, all as the Mortgage Trustee acting may elect, each sale to be held at the location within the county courthouse designated for the holding of nonjudicial foreclosure sales by the Commissioners Court of any county in which a part of the real property to be sold is situated (or if no area has been so designated, then in an area within said courthouse described in the notice referred to in Section 8.3) and to be made on the first Tuesday of some month between the hours of 10 o'clock a.m. and 4 o'clock p.m. to the highest bidder for cash at public venue, after the Mortgage Trustee (or a person or persons selected by the Mortgage Trustee) and the Beneficiary shall have given notices of the proposed sale in the manner hereinafter set forth, and to make due conveyance to the purchaser or purchasers, with general warranty of title (subject to Permitted Encumbrances) to such purchaser or purchasers binding upon the Partnership, its successors and assigns. Such sale must begin at the time stated in the notice referred to in Section 8.3 or not later than three hours after that time. The Partnership, for itself, its successors and assigns, hereby expressly and specifically waives all rights to a marshaling of the assets of the Partnership, including the Mortgaged Properties, or to a sale in inverse order of alienation. The District's right to occupy and use the Land, the Improvements and the Personal Property pursuant to the Ground Lease shall not be affected by any sale pursuant hereto unless the Ground Lease has been terminated or its right to possession terminated pursuant to the applicable provisions thereof and of the Trust Indenture.

Section 8.3 Required Notices. The Mortgage Trustee (or a person or persons selected by the Mortgage Trustee) shall give notice of each such proposed sale by posting written notice of the time, place, and terms of sale at the courthouse door, and by filing a copy of such written notice in the office of the county clerk, of the county in which the sale is to be made for at least twenty-one (21) consecutive days preceding the date of the sale. Where real properties to be sold are situated in more than one county, one notice shall be posted at the courthouse door, and a copy of such notice shall be filed with the county clerk, of each county in which a part of the real properties to be sold is situated, and such notices shall designate the county where such real properties will be sold, which may be any county in which a part of said real properties is situated. In addition to the foregoing notice or notices to be posted and filed by the Mortgage Trustee (or a person or persons selected by the Mortgage Trustee), the Beneficiary shall, at least twenty-one (21) days preceding the date of sale, serve or cause to be served, written notice of the proposed sale by certified mail on each debtor obligated to pay such indebtedness according to the records of the Beneficiary. The service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to each such debtor at the most recent address (which shall be within the United States of America) as shown by the records of the Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service. If the Land is used as the residence of a debtor obligated to pay the Secured Obligations, then, notwithstanding any agreement to the contrary, the Beneficiary shall serve such debtor with written notice by certified mail stating that such debtor is in default under this Deed of Trust, and such debtor must be given at least twenty days to cure the default before the entire Secured Obligations are due and notice of sale pursuant to this Section 8.3 is given. 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. In this respect and to the full extent it may legally do so, the Partnership also expressly covenants, stipulates, and agrees that: (i) the address of the Partnership set out herein shall be deemed and considered conclusively to be and remain at all times the most recent address of all debtors obligated to pay such indebtedness as shown by the records of the Beneficiary, provided such address may be changed to some other address

within the United States of America from time to time only by express written notice of change thereof signed by all debtors obligated to pay such indebtedness and actually delivered to and received by Beneficiary and setting forth a new address which shall be within the United States of America and which shall be deemed and considered conclusively to be and remain at all times thereafter the most recent address of all debtors obligated to pay such indebtedness as shown by the records of the Beneficiary until changed in the manner herein provided; (ii) the records of the Beneficiary shall not be deemed to reflect any change in the name or identity of the debtors obligated to pay the indebtedness (to whom notice of a proposed sale shall be required to be mailed as provided for above) unless and until express written notice of such change signed by all debtors obligated to pay such indebtedness shall have been actually delivered to and received by the Beneficiary; and (iii) no notice of such sale or sales other than the notices hereinabove provided shall be required to be given to the Partnership or any other persons, and any other notice is expressly waived.

Section 8.4 Compliance with Texas Property Code Requirements. The provisions of Section 8.3 with respect to posting, serving, filing, and giving notices of sale are intended to comply with the provisions of Section 51.002 of the Texas Property Code, as amended (in this Section 8.4 such Section 51.002 being called the "Subject Statute"). In the event the requirement for any notice, or the posting, serving, filing, or giving thereof, under the Subject Statute shall be eliminated or the prescribed manner of posting, serving, filing, or giving same is modified by future amendment to the Subject Statute, the requirement for such particular notice shall be stricken from, or the manner of posting, serving, filing, or giving any notice hereunder modified in, this Deed of Trust in conformity with such amendment. The manner herein prescribed for posting, serving, filing, or giving any notice, other than that to be posted and filed or caused to be posted and filed by the Mortgage Trustee, shall not be deemed exclusive, but such notice or notices may be posted, served, filed, or given in any other manner which may be permitted by applicable law. Further, in relation to this Deed of Trust and the exercise of any power of sale by the Mortgage Trustee hereunder, if the Subject Statute shall be amended or modified to require any other notice or the posting, filing, serving, or giving thereof or any statute hereafter enacted shall require any other notice or the posting, filing, serving, or giving thereof, the Mortgage Trustee or the person selected by him is hereby authorized and empowered by the Partnership to give such notice or make such posting, filing, serving, or giving thereof.

Section 8.5 Credit Bid, Right to Purchase by Beneficiary and Application of Proceeds. At any sale conducted under this Deed of Trust, credit upon all or any part of the Secured Obligations shall be deemed cash paid for the purpose of Section 8.2, and the holder of all or any part of the Secured Obligations may purchase at any such sale. With the proceeds arising from such sale or sales, the Mortgage Trustee shall apply the proceeds in the following order:

- (a) first, to payment of all expenses of advertising, sale and conveyance, including the reasonable fees and expenses (including reasonable attorney fees) of the Mortgage Trustee acting; and
- (b) next, to the payment of all principal, interest and costs legally due and secured hereby, in such order and priority as set forth in Article V of the Trust Indenture.

Section 8.6 Installment Foreclosure. Without limiting any of the powers or remedies provided elsewhere, the Partnership agrees that, in the event the Secured Obligations are payable in installments or include, at any time, items of matured as well as unmatured indebtedness, the holder of the matured installments or items of indebtedness, as the case may

be, shall have the right to have the Mortgaged Properties sold, subject to the part of the Secured Obligations which is unmaturing at the time the Mortgage Trustee is requested to make such sale, at Mortgage Trustee's sale to satisfy the lien and security interest hereof securing then matured portion of said indebtedness, and the Mortgage Trustee is expressly authorized and empowered to conduct such sale which is called in this Section 8.6 "Installment Foreclosure." Any Installment Foreclosure made under this Section 8.6 shall not affect the liens, assignments, and security interest of this Deed of Trust existing to secure that portion of the Secured Obligations to which the sale is to be made subject. No Installment Foreclosure shall exhaust the power of the Mortgage Trustee to conduct future Installment Foreclosures nor in anywise limit the powers of sale provided elsewhere in this Deed of Trust. The provisions elsewhere in this Deed of Trust relating to manner of conducting Mortgage Trustee's sales, including the posting, filing, and giving of notices thereof, shall also apply to any Installment Foreclosure, and the same presumptions shall be applicable to any Mortgage Trustee's deed or recital therein contained in connection with an Installment Foreclosure and to any other affidavit as hereinabove provided.

Section 8.7 Appointment of a Substitute Mortgage Trustee. In the case of the absence of the Mortgage Trustee from the state, or of his death, refusal, or failure to act, or in the event the Beneficiary should elect at any time (with or without cause) to remove the Mortgage Trustee then acting, a successor or substitute may be named, constituted, and appointed (herein called a "Successor or Substitute Mortgage Trustee") without further formality than an appointment and designation in writing, which appointment and designation shall be full evidence of the right and authority to make the same and of all facts therein recited; and this conveyance shall vest in the Successor or Substitute Mortgage Trustee the title, powers, and duties conferred on the Mortgage Trustee named herein, and the conveyance by the Successor or Substitute Mortgage Trustee to the purchaser at any sale made pursuant hereto shall be valid and effective as fully as hereinabove provided in the case of a conveyance by the Mortgage Trustee. Such right to appoint a Successor or Substitute Mortgage Trustee shall exist as often as and whenever the Mortgage Trustee, original, successor, or substitute, cannot or will not act or has been removed.

Section 8.8 Recitals Conclusive. The Partnership specifically covenants and stipulates that: the recitals in the conveyance made to the purchaser, either by the Mortgage Trustee or any Successor or Substitute Mortgage Trustee, shall be full proof and evidence of the matters therein stated; no other proof shall be requisite of the request by the holder of the Secured Obligations or the Mortgage Trustee or on any Successor or Substitute Mortgage Trustee to enforce this trust, or of the due, timely, and proper posting, filing, and giving of all notices and making of the sale, or any particulars thereof or of the inability, refusal, or failure of the Mortgage Trustee or any Successor or Substitute Mortgage Trustee to act, or of the removal of the Mortgage Trustee or any Successor or Substitute Mortgage Trustee, or of the appointment of a Successor or Substitute Mortgage Trustee, as herein provided, either as to the legality of his appointment or otherwise, or of the contingencies which brought about the failure or inability of the Mortgage Trustee or any Successor or Substitute Mortgage Trustee to act, or of his removal, as the case may be; all prerequisites of said sale shall be presumed to have been performed; and any sale made under the powers herein granted shall be a perpetual bar against the Partnership, its successors and assigns.

Section 8.9 Right of Sale not Exhausted. The right of sale hereunder shall not be exhausted by one or any sale, but, so long as any of the Secured Obligations remain undischarged, the Trustee or Successor or Substitute Mortgage Trustee may make other and successive sales until all the Mortgaged Properties shall be legally sold.

Section 8.10 Purchaser's Right to Disaffirm Junior Encumbrances. The purchaser at any foreclosure sale 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 Mortgaged Properties free from, and despite the terms of, such grant of easement or rental or lease contract.

Section 8.11 Appointment of Receivers.

(a) If an Event of Default occurs and remains uncured, a receivership may be necessary to protect the Mortgaged Properties, whether before or after maturity of the Secured Obligations, or at the time of or after the institution of suit to collect the principal of, premium (if any), or interest on the Secured Obligations, or to enforce this Deed of Trust; accordingly, the Mortgage Trustee, at the direction of the Beneficiary, shall, as a matter of strict right and regardless of the value of the Mortgaged Properties or of the solvency of any party bound for the payment of the Secured Obligations, have the right to the appointment on application and notice to the Partnership, by any court having jurisdiction, of a receiver to take charge of, manage, preserve, protect, and operate the Mortgaged Properties and any business or businesses located thereon, to collect the revenues, rents, issues, profits, products, and income thereof, to make all necessary and needed repairs, to complete the construction of any improvements which have been undertaken but not completed, to pay all taxes and assessments against the Mortgaged Properties and insurance premiums for insurance thereon, and after the payment of the expenses of the receivership, including reasonable attorneys' fees to the Mortgage Trustee's attorney, and after compensation for management of the Mortgaged Properties, to apply the net proceeds to pay the Secured Obligations or in such manner as the court shall direct. All such expenses shall be secured by the lien of this Deed of Trust until paid.

(b) The receiver or its agents shall be entitled to enter upon and take possession of any part and all of the Mortgaged Properties, together with any and all businesses conducted and all business assets used therewith or thereon, or any part or parts thereof, and to operate and conduct the business or businesses, or complete construction of improvements, to the same extent and in the same manner as the Partnership might lawfully do. The receiver, personally or through its agents or attorneys, may exclude the Partnership and its subsidiaries, agents, servants, and employees wholly from the Mortgaged Properties and may have, hold, use, operate, manage, and control the same and each and every part thereof, and in the name of the Partnership, its subsidiaries or agents, may exercise all of their rights and powers and use all of then existing items of security and collateral, materials, current supplies, stores, and assets and, at the expense of Mortgaged Properties, may maintain, restore, complete construction, insure, and keep insured the properties, equipment, and apparatus provided or required for use in connection with such business or businesses, and may make all necessary and proper repairs, renewals, and replacements and all such useful alterations, additions, betterments, and improvements as the receiver may deem judicious.

(c) Such receivership shall, at the option of the Beneficiary, continue until full payment of the Secured Obligations, title to and interest in the Mortgaged Properties having passed by foreclosure sale under this Deed of Trust, or the Event of Default having been cured.

Section 8.12 Application of Proceeds. The Mortgage Trustee shall pay, distribute, and apply the proceeds of any disposition of the Mortgaged Properties to the Beneficiary for deposit and use as provided in Section 8.5 above. Said disposition shall forever be a bar against the Partnership, its legal representatives, successors and assigns, and all other persons claiming under any of them. It is expressly agreed that the recitals in each conveyance to the purchaser

shall be full evidence of the truth of matters therein stated, and all lawful prerequisites to said disposition shall be conclusively presumed to have been performed.

Section 8.13 Remedies Not Exclusive. No lien, right, or remedy herein conferred upon or otherwise available to the Mortgage Trustee is intended to be or shall be construed to be exclusive of any other available lien, right, or remedy, but each and every such lien, right, or remedy shall be cumulative and shall be in addition to every other lien, right, or remedy given hereunder or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right, power, or remedy accruing upon any default or Event of Default shall impair any such right, power, or remedy or shall be construed to be a waiver of any such default or Event of Default, or an acquiescence therein, but every such right, power, or remedy may be exercised from time to time and as often as may be deemed expedient. No waiver of any default or Event of Default hereunder shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon. The giving, taking, or enforcement of any other or additional security, collateral, or guaranty for the payment of the Secured Obligations shall not operate to prejudice, waive, or affect the security of this Deed of Trust or any rights, powers, or remedies hereunder, nor shall the Mortgage Trustee be required to first look to, enforce, or exhaust such other additional security, collateral, or guarantees.

Section 8.14 Abandonment of Sale; Termination of Proceedings.

(a) If foreclosure should be commenced by the Mortgage Trustee, the Beneficiary may at any time before the sale direct the Mortgage Trustee to abandon the sale, and may at any time or times thereafter direct the Mortgage Trustee to again commence foreclosure; or, irrespective of whether foreclosure is commenced by the Mortgage Trustee, the Beneficiary may at any time after an Event of Default has occurred and remains uncured institute suit for collection of all or any part of the Secured Obligations or foreclosure of the lien of this Deed of Trust or both. If the Beneficiary should institute suit for collection of the Secured Obligations and foreclosure of this Deed of Trust, the Beneficiary may at any time before the entry of final judgment dismiss the same and require the Mortgage Trustee to sell the Mortgaged Properties in accordance with the provisions of this Deed of Trust.

(b) In case the Mortgage Trustee shall have proceeded to enforce any right under this Deed of Trust by the appointment of a receiver, by entry, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Mortgage Trustee, then and in every such case the Partnership, the Mortgage Trustee, and the Beneficiary shall be restored to their former positions and rights hereunder, and all rights, remedies, and powers of the Mortgage Trustee shall continue unimpaired as if no such proceedings had taken place.

Section 8.15 Waivers.

(a) All rights of marshaling of assets or sale in inverse order of alienation in the event of foreclosure of any lien at any time securing the Secured Obligations or any part thereof (including, but not limited to, the lien hereby created) are hereby waived.

(b) The Partnership agrees, to the full extent permitted by law, that in case of an Event of Default hereunder, neither the Partnership nor anyone claiming through or under it shall set up, claim, or seek to take advantage of any appraisement, valuation, stay, extension, homestead, dower, elective share, exemption, or redemption (or, "equity of redemption") laws, statutory or otherwise, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure

of this Deed of Trust, or the absolute sale of the Mortgaged Properties, or the delivery of possession thereof immediately after such sale to the purchaser at such sale, and the Partnership, for itself and all who may at any time claim through or under it, hereby waives to the full extent that it may lawfully do so, the benefit of all such laws.

(c) To the extent allowed by applicable law, the Partnership shall not at any time insist upon or plead or in any manner whatever claim or take the benefit or advantage of any stay or extension law or any law exempting the Mortgaged Properties from attachment, levy, or sale on execution now or at any time hereafter in force in any locality where the Mortgaged Properties or any part thereof may or shall be situated, and the Partnership hereby expressly waives all benefit and advantage of any such law or laws and covenants that the Partnership will not hinder, obstruct, delay, or impede the execution of any power herein granted and delegated to the Mortgage Trustee, but that the Partnership will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 8.16 Exculpation of Mortgage Trustee. The Mortgage Trustee shall have no duties and shall not be obligated to perform any acts other than those herein expressly set forth or intended. Without limitation, the Mortgage Trustee shall not be responsible for the execution, acknowledgment, or validity of this Deed of Trust, or of any instrument amendatory hereof or supplemental hereto or of the Trust Indenture or of the Secured Obligations or of any other indebtedness, or for the sufficiency of the security purported to be created hereby. The Mortgage Trustee shall not incur any personal liability hereunder except for its own willful neglect, willful misconduct or default, and the Mortgage Trustee shall have the right to rely on any instrument, document, or signature authorizing or supporting any action taken or proposed to be taken by it hereunder, believed by it in good faith to be genuine. The Mortgage Trustee shall be entitled to reimbursement for all expenses incurred by it in the performance of its duties, and shall be entitled to reasonable compensation for such of its services as shall be rendered.

ARTICLE IX CONDEMNATION AND CASUALTY LOSS

Section 9.1 Condemnation. If the Mortgaged Properties, or any part thereof, shall be condemned or taken for public use under the power of eminent domain, all awards and damages for such taking of or injury to the Mortgaged Properties shall be applied as set forth in Section [REDACTED] of the Ground Lease. To the extent of a deficiency in the proceeds, all proceeds shall be applied as provided in Section 9.2 of the Ground Lease.

Section 9.2 Casualty. Should the Mortgaged Properties be wholly or partially destroyed or damaged by fire, explosion, windstorm, or other insured casualty, Beneficiary shall have the right to collect, receive, and receipt for, in the name of the Partnership or otherwise, any and all money that may become payable or collectible upon any policy of insurance by reason of such damage to or destruction of the Mortgaged Properties. To the extent such money is received by Beneficiary, such amounts shall be applied as provided in Section [REDACTED] 9.1 of the Ground Lease. To the extent of a deficiency in the proceeds, all proceeds shall be applied as provided in Section [REDACTED] of the Ground Lease.

**ARTICLE X
AMENDMENTS OF AND SUPPLEMENTS TO THIS
DEED OF TRUST AND OTHER DOCUMENTS**

Section 10.1 Amendments and Supplements with Consent; Limitations. With the prior written consent of the owners of not less than 51% in the aggregate principal amount of the Bonds outstanding as set forth in the Trust Indenture (the "Requisite Percentage of Holders"), (a) Beneficiary and the Partnership may at any time and from time to time enter into a supplemental deed of trust for the purpose of adding provisions to, or changing or eliminating provisions of, this Deed of Trust; and (b) the Partnership and Beneficiary may execute and deliver any written waiver or modification of the terms of this Deed of Trust; provided, however, that no such consent shall be necessary to empower or permit the parties to this Deed of Trust and the other agreements and instruments referred to in Section 10.2 hereof to execute the agreements and instruments and take the actions referred to therein for any of the purposes specified therein; and provided, further, that without the consent of each holder of any Bonds to be affected by such supplemental deed of trust, amendment, supplement, waiver or modification, no such instrument or act shall:

- (a) modify any of the provisions of this Section 10.1 hereof, the definitions of the term "Event of Default" as such term is defined, directly or by cross-reference, herein (except to add additional events of default);
- (b) reduce, amend or modify any indemnities (except to add additional indemnities) in favor of the holders of any Bonds;
- (c) adversely affect the Project or the lien of this Deed of Trust thereon; or
- (d) reduce the percentage in aggregate principal amount of the Bonds outstanding specified herein the holders of which are empowered under the provisions hereof to take any action hereunder or to permit or compel either the Partnership or the Beneficiary to take, suffer or omit any action;

provided, however, that without the consent of each holder of any Bonds, no such supplemental deed of trust or waiver or modification of the terms hereof shall permit the creation of any Lien on the Project or any portion thereof, or deprive the holder of any Bonds then outstanding of the lien of this Deed of Trust on the Project. Any supplemental deed of trust or other agreement, instrument or action made, entered into or taken in a manner inconsistent with or contrary to the provisions of this Article 10 shall be void and of no effect.

Section 10.2 Amendments, Supplements and Consents Not Requiring Consent of Holders. Except as provided below, no written consent under Section 10.1 hereof shall be required to empower Beneficiary at any time or from time to time to enter into any supplemental deed of trust with the Partnership:

- (a) to add to the covenants and agreements of the Partnership contained in this Deed of Trust additional covenants or agreements of the Partnership or conditions or restrictions upon the Partnership, or to surrender or eliminate any right, power or privilege granted to or conferred upon the Partnership in this Deed of Trust;
- (b) to cure any minor ambiguity, or formal defect or omission, contained herein or in any of the other said agreements or instruments (provided, however that the interests of the holders of the Bonds shall not be adversely affected thereby);

(c) to correct or amplify the description of the Project (provided, however, that the interests of the holders of the Bonds shall not be adversely affected thereby) or to reflect any release of any property from the Project pursuant to the express terms hereof;

(d) to qualify this Deed of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, except that nothing in this clause (d) shall permit or authorize any provision permitted in Section 316(a)(2) of said act or any corresponding provisions of any similar federal statute;

(e) to grant to Beneficiary additional property, rights, remedies, powers or privileges, in trust, for the purposes of this Deed of Trust;

(f) to execute concurrently with the execution of this Deed of Trust, or at any time thereafter, the Subordinations are attached hereto as Exhibit "C" and incorporated herein.

Section 10.3 Consent to Substance, Not Form. It shall not be necessary for any written consent of the holders of outstanding Bonds, as the case may be, or of the Partnership given pursuant to Section 10.1 hereof, to specify the particular form of the proposed documents to be executed and delivered pursuant to said Section 10.1, but it shall be sufficient if such consent shall be given in writing to the substance thereof.

Section 10.4 Documents Mailed to Holders. Beneficiary shall mail, by certified mail, postage prepaid, a photocopy or conformed copy of any agreement or instrument entered into pursuant to Section 10.1 or 10.2 hereof to each holder of any Bonds at its address shown in the Bond register.

Section 10.5 Arbitration. The Partnership will not, without the prior written consent of Beneficiary and the Requisite Percentage of Holders, submit to arbitration any question, dispute or other matter arising under the Trust Indenture, the Ground Lease, this Deed of Trust, or any document relating to the Bonds.

Section 10.6 Beneficiary Protected. If, in the opinion of the institution acting as Beneficiary hereunder any document required to be executed pursuant to the terms of Sections 10.1 and 10.2 hereof affects any right, duty, immunity or indemnity with respect to it under this Deed of Trust, Beneficiary may, in its discretion, decline to execute such document.

Section 10.7 Reliance on Opinion of Counsel. In executing any supplemental deed of trust permitted by this Article X or any amendments of this Deed of Trust, the Beneficiary shall be entitled to receive and shall be fully protected in relying upon an opinion of counsel stating that the execution of such supplemental deed of trust or amendment is authorized or permitted by this Deed of Trust and that all conditions precedent thereto have been satisfied.

ARTICLE XI MISCELLANEOUS

Section 11.1 Severability. In the event any item, term, or provision contained in this Deed of Trust is in conflict or may be held hereafter to be in conflict with any applicable laws, this Deed of Trust shall be affected only as to its application to such item, term, or provision and shall in all other respects remain in full force and effect.

Section 11.2 Captions and Titles. All article and section titles or captions contained in this Deed of Trust or in any schedule or exhibit hereto are for convenience only and shall not be deemed a part of this Deed of Trust and shall not affect the meaning or interpretation of this Deed of Trust.

Section 11.3 Usury Savings Clause. The Partnership and Beneficiary specifically intend and agree to limit contractually the amount of interest payable under this Deed of Trust, the Secured Obligations, and all other instruments and agreements related hereto and thereto to the maximum amount of interest lawfully permitted to be charged under applicable law. Therefore, none of the terms of this Deed of Trust, the Secured Obligations, or any instrument pertaining to or relating to this Deed of Trust or the Secured Obligations shall ever be construed to create a contract to pay interest at a rate in excess of the maximum rate permitted to be charged under applicable law, and neither the Partnership nor any other party liable or to become liable hereunder, under the Secured Obligations, or under any other instruments and agreements related hereto and thereto shall ever be liable for interest in excess of the amount determined at such maximum rate, and the provisions of this paragraph shall control over all other provisions of this Deed of Trust, the Secured Obligations, or of any other instrument pertaining to or relating to the transactions herein contemplated. If any amount of interest taken or received by Beneficiary shall be in excess of said maximum amount of interest which, under applicable law, could lawfully have been collected by Beneficiary incident to such transactions, then such excess shall be deemed to have been the result of a mathematical error by all parties hereto and shall, at the election of Beneficiary, either be applied as credit against then unpaid principal amount of the Secured Obligations or refunded promptly to the party paying such amount. All amounts paid or agreed to be paid in connection with such transactions which would under applicable law be deemed "interest" shall, to the extent permitted by such applicable law, be amortized, prorated, allocated, and spread throughout the stated term of the Secured Obligations. "Applicable law" as used in this paragraph means that law in effect from time to time which lawfully permits the charging and collection of the highest permissible lawful, nonusurious rate of interest on the transactions herein contemplated, including laws of the State of Texas and of the United States of America; "maximum rate" as used in this paragraph means, with respect to each portion of the Secured Obligations, the maximum lawful, nonusurious rate of interest (if any) which under applicable law Beneficiary is permitted to charge from time to time with respect to such portion of the Secured Obligations; and "maximum amount" as used in this paragraph means the maximum nonusurious amount of interest which may be lawfully contracted for, reserved, charged, collected or received by Beneficiary under this Deed of Trust and the other documents evidencing or securing the Secured Obligations. If at any time any interest rate, together with any other fees and additional amounts payable by the Partnership that are deemed to constitute interest under applicable laws, exceeds the maximum rate, then the amount of interest to accrue pursuant to this Deed of Trust shall be limited, notwithstanding anything to the contrary herein or in any other document or any other agreement or instrument, to the maximum amount. Pursuant to the provisions of the Texas Finance Code § 346.004, as amended, it is agreed that the provisions of Chapter 346 of the Texas Finance Code, as amended (which regulates certain revolving credit

loans and revolving tri-party accounts), shall not govern or in any other manner apply hereto or to any of the Secured Obligations, other than such § 346.004.

Section 11.4 Additional Security. The Partnership agrees that no other security, now existing or hereafter taken, for the Secured Obligations shall be impaired or affected in any manner by the execution hereof; no security subsequently taken by any holder of the Secured Obligations shall impair or affect in any manner the security given by this Deed of Trust; all security for the payment of the Secured Obligations shall be taken, considered, and held as cumulative; and the taking of additional security shall at no time release or impair any security by endorsement or otherwise previously given. The Partnership further agrees that any part of the security herein described may be released without in anywise altering, varying, or diminishing the force, effect, or lien of this Deed of Trust, or of any renewal or extension of said lien, and that this Deed of Trust shall continue as a first lien, assignment, and security interest on all the Mortgaged Properties not expressly released until all Secured Obligations are fully discharged and paid.

Section 11.5 Suit Not an Election of Remedies. The filing of a suit to foreclose any lien, assignment, or security interest under this Deed of Trust either on any matured portions of the Secured Obligations or for all Secured Obligations shall never be considered an election so as to preclude foreclosure under any power of sale herein contained after dismissal of the suit.

Section 11.6 Rules of Construction. The term “Partnership” as used herein shall include not only the party designated as the Partnership that executes this Deed of Trust but also the respective legal representatives, successors and assigns of such party. Whenever the context requires, the gender of words used herein shall include the masculine, feminine, and neuter, and number of words used herein shall include the singular and the plural.

Section 11.7 Environmental Matters. The Partnership covenants that: (a) no substances, including without limitation, asbestos or any substance containing asbestos, deemed hazardous under any Hazardous Materials Laws (defined below), including the group of organic compounds known as polychlorinated biphenyls, flammable explosives, radioactive materials, petroleum, petroleum fractions, petroleum distillates, chemicals known to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions or related materials and any items included in the definitions of “hazardous waste,” “hazardous materials,” “hazardous substances,” “toxic waste,” or “toxic substances” (collectively “[Hazardous](#) Materials” under any law relating to environmental conditions or industrial hygiene, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (“CERCLA”), 42 U.S.C. § 9601, *et seq.*; Resource, Conservation and Recovery Act (“RCRA”), 42 U.S.C. § 6901, *et seq.*, as amended by the Superfund Amendments and Reauthorization Act of 1986 (“SARA”), Pub. L. 99-499, 100 Stat. 1613; the Toxic Substances Control Act, 15 U.S.C. § 2601, *et seq.*; Emergency Planning and Community Right to Know Act of 1986, 42 U.S.C. § 1101, *et seq.*; Clean Water Act (“CWA”), 33 U.S.C. § 1251, *et seq.*; Clean Air Act (“CAA”), 42 U.S.C. § 7401, *et seq.*; Federal Water Pollution Control Act (“FWPCA”), 33 U.S.C. § 1251, *et seq.*; and any corresponding state laws or ordinances including but not limited to the Texas Water Code (“TWC”) § 26.001, *et seq.*; Texas Solid Waste Disposal Act, Texas Health & Safety Code (“THSC”) § 361.001, *et seq.*; and regulations, rules, guidelines, or standards promulgated pursuant to such laws, statutes and regulations, as such statutes, regulations, rules, guidelines, and standards are amended from time to time. (individually and collectively, “Hazardous Materials Laws”) except for any Hazardous Materials that may be included in any landscaping or cleaning products used in the maintenance of the Project or allowed under [Article \[\] XV](#) of the Ground Lease, shall hereafter be installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, released or otherwise placed in, on or under all or any part of the Project;

(b) no activity shall hereafter be undertaken on all or any part of the Project which would cause (i) all or any part of the Project to become a treatment, storage or disposal facility for hazardous waste or hazardous material within the meaning of, or otherwise bring all or any part of or any interest in the Project within the ambit of, RCRA or any other Hazardous Materials Law; (ii) a release or threatened release of any Hazardous Materials from the Project within the meaning of, or otherwise bring all or any part of the Project within the ambit of, CERCLA or SARA or any other Hazardous Materials Law; or (iii) the discharge of Hazardous Material into any watercourse, body of surface or subsurface water or wetland, or the discharge into the atmosphere of any Hazardous Material which would require a permit under any Hazardous Materials Law; (c) no activity shall be undertaken on or with respect to all or any part of the Project which would cause a violation or support a claim under RCRA, CERCLA, SARA or any other Hazardous Materials Law; and (d) no underground storage tanks or underground deposits shall be located on all or any part of the Project.

Section 11.8 Notice of Hazardous Material Claims. The Partnership shall immediately advise Beneficiary in writing of (a) any governmental or regulatory actions instituted or threatened under any Hazardous Materials Law affecting all or any part of or any interest in the Project; (b) all claims made or threatened by any third party against the Partnership or the Project relating to damage, contribution, cost recovery, compensation, or loss or injury resulting from any Hazardous Material; (c) the discovery of or reasonable cause to believe that any occurrence or condition on any real property adjoining or in the vicinity of the Project that could cause the Project to be classified in a manner which may support a claim under any Hazardous Materials Law; and (d) the discovery of any occurrence or condition on any part of the Project or any real property adjoining or in the vicinity of the Project which could subject the Partnership or any part of the Project to any limitations or restrictions on the ownership, occupancy, transferability or use thereof. Beneficiary may elect (but shall not be obligated) to join and participate in any settlements, remedial actions, legal proceedings or other actions initiated in connection with any claims or responses under any Hazardous Materials Law and to have its reasonable attorneys' fees relating to such participation paid by the Partnership. At its sole cost and expense, the Partnership agrees to promptly and completely cure and remedy every existing and future violation of a Hazardous Materials Law occurring on or with respect to any part of the Project and to promptly remove all Hazardous Materials now or hereafter in, on or under all or any part of the Project, except as allowed in Section 11.7(a) hereof, and to dispose of the same as required by Hazardous Materials Law(s).

Section 11.9 Right to Retain Site Reviewers. Beneficiary (by its officers, employees and agents) at any time and from time to time may contract for the services of persons or entities (the "Site Reviewers") to perform environmental site assessments ("Site Assessments") on all or any part of the Project to determine the existence of any environmental condition which under any Hazardous Materials Law might result in any liability, cost or expense to the owner, occupier or operator of any of the Project, but shall not contract to have such Site Assessments performed unless a notice is given pursuant to Section 11.8 or Beneficiary otherwise becomes aware of an environmental condition which under any Hazardous Materials Law might result in any liability to the owner, occupier or operator of any of the Project. The Site Reviewers are authorized to enter upon all or any part of the Project to conduct Site Assessments. The Site Reviewers are further authorized to perform both above and below the ground testing for environmental damage or the presence of Hazardous Materials on any of the Project and such other tests on or of any of the Project as the Site Reviewers or Beneficiary may deem necessary. The Partnership agrees to supply to the Site Reviewers and Beneficiary such historical and operational information regarding the Project as may be reasonably requested to facilitate the Site Assessments and will make available for meetings with the Site Reviewers appropriate personnel having knowledge of such

matters. The results of Site Assessments shall be furnished to the Partnership upon request. The cost of performing Site Assessments shall be paid by the Partnership.

Section 11.10 The Partnership's Indemnity. TO THE EXTENT PERMITTED BY APPLICABLE LAW, PARTNERSHIP SHALL INDEMNIFY, DEFEND (AT TRIAL AND APPELLATE LEVELS AND WITH ATTORNEYS, CONSULTANTS AND EXPERTS REASONABLY), AND HOLD HARMLESS BENEFICIARY, ITS DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, ATTORNEYS, SUCCESSORS AND ASSIGNS FROM AND AGAINST ANY AND ALL CLAIMS, DAMAGES, LOSSES, LIABILITIES (INCLUDING STRICT LIABILITIES), ACTIONS, PROCEEDINGS, INVESTIGATIONS, INJURIES, LIENS, CITATIONS, DIRECTIVES, LITIGATION, OBLIGATIONS, PENALTIES, ACTIONS, JUDGMENTS, ASSESSMENTS, FINES, FEES, CHARGES, SUITS, AMOUNTS PAID IN SETTLEMENT, COSTS, EXPENSES AND DISBURSEMENTS (INCLUDING, WITHOUT LIMITATION, REASONABLE FEES, EXPENSES AND DISBURSEMENTS OF COUNSEL, COSTS OF REMEDIATION, ENGINEERS' FEES, ENVIRONMENTAL CONSULTANTS' FEES, EXPERTS' FEES, AND COSTS INCURRED IN INVESTIGATING, DEFENDING AGAINST, SETTLING OR PROSECUTING ANY CLAIM, LITIGATION OR PROCEEDING THAT MAY AT ANY TIME BE IMPOSED UPON, SUFFERED, INCURRED BY OR ASSERTED OR AWARDED AGAINST BENEFICIARY OR THE PROPERTY ARISING OUT OF, IN CONNECTION WITH OR AS A DIRECT OR INDIRECT RESULT OF ANY ONE OR MORE OF THE FOLLOWING:

(A) ANY LOSS, LIABILITY, DAMAGE, COST, EXPENSE OR CLAIM ARISING FROM THE IMPOSITION OR RECORDING OF A LIEN, THE INCURRING OF COSTS OF REQUIRED REPAIRS, REMEDIATION, CLEAN UP OR DETOXIFICATION AND REMOVAL UNDER ANY HAZARDOUS MATERIALS LAW WITH RESPECT TO ALL OR ANY PART OF THE PROJECT OR LIABILITY TO ANY THIRD PARTY IN CONNECTION WITH ANY VIOLATION OF A HAZARDOUS MATERIALS LAW;

(B) ANY OTHER LOSS, LIABILITY, DAMAGE, EXPENSE OR CLAIM WHICH MAY BE INCURRED BY OR ASSERTED AGAINST BENEFICIARY, ITS DIRECTORS, OFFICERS, EMPLOYEES, SUCCESSORS OR ASSIGNS, DIRECTLY OR INDIRECTLY, ARISING FROM THE PAST, PRESENT OR FUTURE PRESENCE ON OR UNDER, OR THE PAST, PRESENT OR FUTURE DISCHARGE, EMISSION OR RELEASE FROM THE PAST, PRESENT OR FUTURE PROJECT INTO OR UPON THE REAL PROPERTY, ATMOSPHERE, OR ANY WATERCOURSE, BODY OF SURFACE OR SUBSURFACE WATER OR WETLAND, ARISING FROM THE INSTALLATION, USE, GENERATION, MANUFACTURE, TREATMENT, HANDLING, REFINING, PRODUCTION, PROCESSING, STORAGE, REMOVAL, TRANSPORTATION, REMEDIATION CLEAN UP OR DISPOSAL OF ANY HAZARDOUS MATERIAL OR UNDERGROUND STORAGE TANKS WHETHER OR NOT CAUSED BY OR WITHIN THE CONTROL OF THE PARTNERSHIP, ANY AFFILIATE OF THE PARTNERSHIP, OR ANY TENANT OR OTHER USER OF THE REAL PROPERTY, OR WHETHER OR NOT THE PARTNERSHIP, ANY AFFILIATE OF THE PARTNERSHIP, OR ANY TENANT OR OTHER USER OF THE REAL PROPERTY, KNEW OR SHOULD HAVE KNOWN OF THE PRESENCE OF THE HAZARDOUS MATERIALS OR UNDERGROUND STORAGE TANKS;

(C) LOSS OF VALUE OF ANY OF THE PROJECT AS A RESULT OF ANY SUCH LIEN, REMEDIATION CLEAN UP, DETOXIFICATION, LOSS, LIABILITY, DAMAGE, EXPENSE OR CLAIM OR A FAILURE OR DEFECT IN TITLE OCCASIONED BY ANY HAZARDOUS MATERIAL OR HAZARDOUS MATERIALS LAW;

(D) THIS DEED OF TRUST OR ANY OF THE REAL PROPERTY;

(E) ANY ACTION TAKEN BY BENEFICIARY HEREUNDER OR BY REASON OR IN DEFENSE OF ANY AND ALL CLAIMS AND DEMANDS WHATSOEVER THAT MAY BE ASSERTED AGAINST BENEFICIARY BY REASON OF ANY ALLEGED OBLIGATIONS OR UNDERTAKINGS ON THE PART OF BENEFICIARY TO PERFORM OR DISCHARGE ANY OF THE TERMS, COVENANTS OR AGREEMENTS CONTAINED IN THE LEASES, INCLUDING ANY CLAIMS BY THE PARTNERSHIP WITH RESPECT TO PAYMENTS OF RENTS MADE DIRECTLY TO THE BENEFICIARY AFTER THE OCCURRENCE OF AN EVENT OF DEFAULT AND CLAIMS BY ANY TENANT FOR SECURITY DEPOSITS OR FOR RENTAL PAYMENTS MORE THAN ONE (1) MONTH IN ADVANCE AND NOT DELIVERED TO THE BENEFICIARY;

(F) ANY ACCIDENT, INJURY OR DEATH OF PERSONS OR LOSS OF OR DAMAGE TO REAL PROPERTY OCCURRING IN, ON OR ABOUT THE REAL PROPERTY OR ON THE ADJOINING SIDEWALKS, CURBS, ADJACENT PROPERTY, OR ADJACENT PARKING AREAS, STREETS OR WAYS;

(G) ANY USE, NONUSE OR CONDITION IN, ON OR ABOUT THE REAL PROPERTY OR ON SIDEWALKS, CURBS, ADJACENT PROPERTY OR ADJACENT PARKING AREAS, STREETS OR WAYS;

(H) THE PERFORMANCE OF ANY LABOR OR SERVICES OR FURNISHING OF ANY MATERIAL OR OTHER PROPERTY IN RESPECT OF THE REAL PROPERTY;

(J) ANY FAILURE OF THE PARTNERSHIP TO COMPLY WITH ANY REQUIREMENT OF LAW (INCLUDING ANY ENVIRONMENTAL LAW);

(K) ANY ADMINISTRATIVE PROCESSES OR PROCEEDINGS OR JUDICIAL PROCEEDINGS IN ANY WAY CONNECTED WITH ANY MATTER ADDRESSED IN THIS AGREEMENT;

(L) ANY PERSONAL INJURY (INCLUDING WRONGFUL DEATH) OR PROPERTY DAMAGE (REAL OR PERSONAL) ARISING OUT OF OR RELATED TO ANY OF THE FOREGOING;

(M) ANY LAWSUIT BROUGHT OR THREATENED, SETTLEMENT REACHED, OR GOVERNMENTAL ORDER OR DIRECTIVE RELATING TO ANY OF THE FOREGOING;

(N) THE EXISTENCE OF MOLD, DANGEROUS FUNGI, BACTERIAL OR MICROBIAL MATTER CONTAMINATION OR PATHOGENIC ORGANISMS THAT REPRODUCE THROUGH THE RELEASE OF SPORES OR THE SPLITTING OF CELLS; AND

(P) ALL FORESEEABLE AND UNFORESEEABLE INCIDENTAL AND CONSEQUENTIAL DAMAGES ARISING FROM OR RELATING TO ANY OF THE FOREGOING.

SUCH INDEMNITY SHALL APPLY REGARDLESS OF ANY CLAIM THAT BENEFICIARY WAS NEGLIGENT IN GRANTING ITS CONSENT TO THE EXISTENCE OF HAZARDOUS MATERIALS IN, ON, OR ABOUT THE PROJECT PURSUANT TO THE LEASE. THE INDEMNITY SHALL INCLUDE THE COSTS OF INVESTIGATION, SETTLEMENT AND DEFENSE OF SUCH CLAIMS AND THE REASONABLE ATTORNEYS' FEES OF COUNSEL OF THE INDEMNIFIED PARTY'S CHOOSING. THIS INDEMNITY SHALL SURVIVE THE RELEASE OF THIS DEED OF TRUST AND SHALL NOT MERGE INTO THE FEE TITLE TO THE PROJECT IN THE EVENT OF THE EXERCISE OF THE PURCHASE OPTION PROVIDED IN THE LEASE. EXCEPT AS OTHERWISE SET FORTH HEREIN, THIS INDEMNITY SHALL NOT APPLY WHERE IT IS PROVEN THAT BENEFICIARY OR ITS SUCCESSORS OR ASSIGNS WERE NEGLIGENT OR WHERE IT IS PROVEN THAT BENEFICIARY OR ITS SUCCESSORS OR ASSIGNS ENGAGED IN WILLFUL MISCONDUCT.

Section 11.11 Beneficiary's Right to Take Remedial Action. Beneficiary shall have the right, but not the obligation, upon thirty (30) days advance written notice to take any remedial action to remove any Hazardous Substance from the Project or clean up any contamination resulting from the Partnership's violation of any of the requirements of this Article. The Partnership shall reimburse Beneficiary for the costs of such remedial action to the extent permitted by applicable law. Notwithstanding any other provision of this Deed of Trust, the Beneficiary shall have the power and the right upon written direction of the Requisite Percentage of Holders, but not the duty, to: (a) settle or compromise at any time any and all claims against the Project or the Beneficiary which may be asserted by any governmental body or private party for the alleged violation of any Hazardous Materials Law affecting the Project; (b) disclaim any power (including, without limitation, the power to sell the Mortgaged Properties) granted by this Deed of Trust or any statute or rule of law, the exercise of which power may, in the sole discretion of the Beneficiary, as advised by counsel, cause the Beneficiary to incur corporate or personal liability under any Hazardous Materials Law; and (c) enter onto the Project to take such action as it deems necessary or advisable to clean up, remediate, encapsulate, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Materials or breaches of Hazardous Materials Law which could result in an order, suit or other action, or which, in the sole judgment of the Beneficiary, could jeopardize its security interest under this Deed of Trust. For purposes of this Section, the term "environmental law" means any federal, state or local law, rule, regulation or ordinance relating to the protection of the environment or human health. The Beneficiary shall not be liable or responsible to the Partnership or any other party for any decrease in value of the Project by reason of availing itself of the rights granted by this Section or by reason of the Beneficiary's compliance with any Hazardous Materials Law, specifically including any reporting requirement under any such law. Neither the acceptance by the Beneficiary of property or a failure by the Beneficiary to inspect the property shall be deemed to create any inference that there is or may be liability under any Hazardous Materials Laws with respect to such property.

Section 11.12 Concerning Beneficiary. In furtherance and not in derogation of the rights, privileges and immunities of the Beneficiary set forth in the Trust Indenture:

(a) The Beneficiary is authorized to take all such action as is provided to be taken by it as Beneficiary hereunder and all other action reasonably incidental thereto, but any permissive rights shall not be construed as duties. As to any matters not expressly provided for herein (including the timing and methods of realization upon the Mortgaged Properties and enforcement of this Deed of Trust), the Beneficiary shall act or refrain from acting in accordance with the Trust Indenture or, in the absence of such instructions, in accordance with its discretion;

(b) The Beneficiary shall not be responsible for the existence, condition, sufficiency, genuineness, or value of, or title to, any of the Mortgaged Properties or for the validity, perfection, priority or enforceability of the lien of this Deed of Trust on any of the Mortgaged Properties, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder. The Beneficiary shall have no duty to ascertain or inquire as to the performance or observance of any of the terms of this Deed of Trust by the Partnership. For the avoidance of doubt, the Beneficiary shall not be liable or responsible for any decrease in value of the Property by reason of availing itself of the rights granted by this section or by reason of the Beneficiary's compliance with any environmental law, specifically including any reporting requirement under any such law;

(c) The Beneficiary shall not be responsible for insuring the Mortgaged Properties or for the payment of any impositions, taxes or liens on the Mortgaged Properties or for the maintenance of the Mortgaged Properties; and

(d) Notwithstanding any other provision of this Deed of Trust, the Beneficiary shall have the power and the right, but not the duty, to:

- (i) settle or compromise at any time any and all claims against the Beneficiary which may be asserted by any governmental body or authority or private party for the alleged violation of any environmental law affecting the Mortgaged Property;
- (ii) enter onto the Mortgaged Property to take such action as it deems necessary or advisable to clean up, remediate, encapsulate, remove, resolve or minimize the impact of, or otherwise deal with, any Hazardous Material or breaches of environmental laws that could result in an order, suit or other action, or which, in the sole judgment of the Beneficiary, could jeopardize its liens under this Deed of Trust; and
- (iii) while an Event of Default remains uncured, require the Partnership to periodically (but not more frequently than annually unless an enforcement action is then outstanding, in which case such limitation shall not apply) perform, at the Partnership's expense, a Phase I Environmental Assessment and, if deemed necessary by the Partnership, a Phase II Environmental Assessment with respect to the property. Such assessments shall be conducted by a consultant reasonably satisfactory to the Beneficiary. In the event the Partnership fails to have any such assessment performed within thirty (30) days of the Beneficiary's request, the Beneficiary shall be entitled to retain a consultant to perform such assessment, at the expense of the Partnership.

(e) Any provisions governing the rights, immunities and protections of the Trustee under the Trust Indenture are incorporated by reference into this Deed of Trust as being applied to the Beneficiary as though fully set forth herein.

Section 11.13 Notices. Any notice required or permitted to be given hereunder by one party to another shall be given as provided in the Trust Indenture except that the address for notices for the Mortgage Trustee shall be:

If to Mortgage Trustee: Rosalyn Davis
 BOKF, NA , Vice President
 1401 McKinney, Suite 1000
 Houston, TX 77010

Section 11.14 Extension, Rearrangement, Renewal or Release of Secured Obligations. It is expressly agreed that any of the Secured Obligations at any time secured hereby may be from time to time extended for any period, rearranged, or renewed, and that any part of the security herein described, or any other security for the Secured Obligations may be waived or released without in anywise altering, varying or diminishing the force, effect, or lien of this Deed of Trust as to unaffected property.

Section 11.15 Governing Law. THIS DEED OF TRUST SHALL BE GOVERNED IN ALL RESPECTS INCLUDING VALIDITY, INTERPRETATION AND EFFECT BY, AND SHALL BE ENFORCEABLE IN ACCORDANCE WITH, THE LAWS OF STATE OF TEXAS AND OF THE UNITED STATES OF AMERICA.

Section 11.16 Amendments. No amendment or waiver of any provision of this Deed of Trust, nor consent to any departure by the Partnership therefrom, shall in any event be effective unless the same is in writing and signed by the Partnership and the Indenture Trustee, and is accomplished in accordance with the Trust Indenture, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 11.17 Assignment. This Deed of Trust shall be binding upon the Partnership and its successors and assigns and shall inure to the benefit of the Beneficiary and its respective successors, transferees, and assigns, and no person other than the Beneficiary and its successors, transferees, and assigns shall under any circumstances be deemed to be a beneficiary of any provision of this Deed of Trust. Without limiting the generality of the foregoing, the Beneficiary may assign, grant a security interest in, or otherwise transfer this Deed of Trust to any other person or entity, and such other person or entity shall thereupon become vested with all the benefits in respect thereof granted to the Beneficiary herein or otherwise. Upon execution and delivery of the Trust Indenture to the Beneficiary, all appointments, designations, representations, warranties, covenants, assurances, remedies, title, interest, privileges, directions, permits, licenses, and rights of every kind whatsoever herein conferred upon the Beneficiary shall be deemed to be conferred also upon the Beneficiary, in its capacity as Trustee under the Trust Indenture. The Partnership agrees that the assignments made of this Deed of Trust shall not subject the Beneficiary to or transfer or pass or in any way affect or modify any obligation of the Partnership under the Ground Lease, the Bonds, this Deed of Trust, or the Security Agreement, it being understood and agreed that all such obligations of the Partnership shall be and remain enforceable only against the Partnership.

Section 11.18 Capitalized Terms. Capitalized terms herein shall have the meanings assigned herein, or if no definition is contained herein, then the meanings assigned in the Trust Indenture and Ground Lease, unless context requires otherwise.

Section 11.19 No Drilling or Exploration. Without the prior written consent of (i) Beneficiary (in connection with which the Beneficiary shall be entitled to receive, and shall be entitled to rely upon, a certification by an architect licensed by the State of Texas to the effect that any such drilling or exploration will not adversely affect the use of the Land for the Project) and (ii) the Requisite Percentage of Holders, which consent may be withheld for any reason

whatsoever at the sole and absolute discretion of the Requisite Percentage of Holders, there shall be no drilling or exploring for or extraction, removal, or production of minerals from the surface or subsurface of the Land. The term “minerals” as used herein shall include, without limiting the generality of such term, oil, gas, casinghead gas, coal, lignite, hydrocarbons, methane, carbon dioxide, helium, uranium and all other natural elements, compounds and substances, including sand and gravel.

Section 11.20 Construction Mortgage. To the extent any portion of the Secured Obligations are advanced for the construction of improvements to the Project, this Deed of Trust is a “Construction Mortgage” as defined in Section 9.334(h), Texas Business and Commerce Code, as amended.

Section 11.21 Non-Recourse. If an Event of Default occurs, any judicial proceedings brought by the Beneficiary against the Partnership shall be limited to the preservation, enforcement and foreclosure of the liens, security interests and mortgages then or any time hereafter securing payment of the Secured Obligations and no attachment, execution or other writ or process shall be sought, issued or levied upon any assets, property or funds of the Partnership other than the properties, rights and estates and interests described herein and in the other documents securing payment and performance of the Secured Obligations. In the event of foreclosure of such liens, security interests and mortgages securing the payment the Secured Obligations by private power of sale or otherwise, no judgment for any deficiency upon such indebtedness, sums or amounts shall be obtained by Beneficiary against the Partnership. The Partnership’s liability with respect to the Secured Obligations shall be limited in accordance with the terms of the Bonds.

ARTICLE XII SUBORDINATE DEED OF TRUST

This Deed of Trust is and shall at all times continue to be subordinate, subject, and inferior (in payment and priority) to the Senior Loan, the Senior Note, and the Senior Indenture, and the liens, rights, payment interests, priority interests, and security interests granted to Beneficiary hereunder and the Loan and the Loan Documents are, and are hereby expressly acknowledged to be in all respects and at all times, subject to the terms of the **[Subordination Agreement]** [by and among Beneficiary, Partnership, and Senior Lender of even date herewith.

[The remainder of this page intentionally left blank.]


THIS DEED OF TRUST AND THE TRUST INDENTURE, TOGETHER WITH THE BONDS, REPRESENT THE FINAL AGREEMENT BETWEEN THE UNDERSIGNED PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OR ORAL AGREEMENTS OF THE UNDERSIGNED PARTIES, WHETHER MADE BEFORE, ON OR AFTER THE DATE OF THIS DEED OF TRUST. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE UNDERSIGNED PARTIES.

IN WITNESS WHEREOF, the Partnership has executed this Deed of Trust as of _____, 2024.

PARTNERSHIP:

MANOR LEASED HOUSING ASSOCIATES I,
LIMITED PARTNERSHIP, a Texas limited
partnership

By: MANOR LEASED HOUSING ASSOCIATES
LP I, a Minnesota limited liability company
Its: Class B Partner

By: _____


Address:
Manor Leased Housing Associates LP I,
2905 Northwest Blvd
Suite 150
Plymouth, MN 55441-2644

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the _____ day of _____, 2024, by [], the [] of Manor Leased Housing Associates LP I, Minnesota limited liability company on behalf of such limited liability company.

Notary Public in and for the State of Texas

EXHIBIT A
LEGAL DESCRIPTION OF LAND

EXHIBIT B
PERMITTED ENCUMBRANCES

Project Loan Agreement – Fixed Rate – TEL
(Revised 10-10-2023)

THIS PROJECT LOAN AGREEMENT (“**Project Loan Agreement**”) dated as of October 1, 2024, is made by and among the Manor Housing Public Facility Corporation (the “**Governmental Lender**”), BOKF, NA, a national banking association, as fiscal agent (the “**Fiscal Agent**”), and Manor Leased Housing Associates I, Limited Partnership, a limited partnership (the “**Borrower**”).

RECITALS

- A. Pursuant to the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “**Act**”) and a resolution of the Governmental Lender adopted on October 16, 2024 (the “**Bond Resolution**”), the Governmental Lender issued and sold its \$60,815,000 Multifamily Housing Revenue Bonds (Tower Road Apartments Apartments), Series 2024 (the “**Bonds**”) pursuant to a Trust Indenture (the “**Indenture**”), dated as of October 1, 2024, between the Governmental Lender and BOKF, NA, a national banking association, as trustee (the “**Trustee**”) and used the proceeds thereof to make a loan in the same principal amount (the “**Loan**”) to Borrower, upon the terms and conditions of the Loan Agreement dated as of October 1, 2024 (the “**Loan Agreement**”) between the Governmental Lender and the Borrower, for purposes of funding a portion of the costs of constructing and equipping a 324-unit multifamily rental housing project located in Manor, Texas and known as Tower Road Apartments (the “**Project**”).
- B. The Loan was evidenced by a promissory note (the “**Note**”) in the original principal amount of \$60,815,000 made by the Borrower in favor of the Governmental Lender. The Governmental Lender made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and the Indenture, including the terms and conditions thereof governing the disbursement of Loan proceeds and the investment earnings thereon.
- C. The Governmental Lender assigned its interest in the Loan Agreement and the Note (excluding certain Reserved Rights of the Governmental Lender) to the Trustee as part of the Trust Estate established under the Indenture to secure the Bonds. During the construction phase, the Bonds were cash-collateralized, and no mortgage lien with respect to the Project secured the Bonds or the Loan.
- D. Associated Bank, National Association, a national banking association, in its capacity as Mortgage Lender (the “**Mortgage Lender**”) agreed to provide a separate construction bridge loan (the “**Mortgage Loan**”) to the Borrower, the proceeds of which were used to finance a portion of the costs of the acquisition, construction and equipping of the Project. The Mortgage Lender administered the Mortgage Loan during the Construction Phase in accordance with the Mortgage Loan Documents.
- E. The Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise (“**Freddie Mac**”), entered into a forward commitment with JLL Real Estate Capital, LLC, a Delaware limited liability company (the “**Initial Funding Lender**”), dated October 1, 2024 (the “**Freddie Mac Commitment**”), whereby Freddie Mac committed, subject to the satisfaction on or before the Forward Commitment Maturity Date of the Conditions to Conversion set forth in the Construction Phase Financing Agreement and the Freddie Mac Commitment, to facilitate the financing of the Project in the Permanent Phase.
- F. The Conditions to Conversion were satisfied on or before the Forward Commitment Maturity Date, and on the Conversion Date, (i) the Bonds are subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of \$_____ principal amount of the Bonds is being paid with amounts on deposit under the Indenture, (iii) said principal amount of the Bonds is being cancelled such that the principal amount of Bonds remaining outstanding equals the Actual Project Loan Amount (as defined in the Construction Phase Financing Agreement), (iv) such remaining Bonds are being removed from the Book-Entry System, (v) such remaining Bonds are being converted to a Governmental Note (in the form attached to the Funding Loan Agreement), executed and delivered by the Governmental Lender, which is being purchased by the Initial Funding Lender, (vi) the Funding Loan Agreement and this Project Loan

Agreement dated as of the date hereof (the “**Project Loan Agreement**”) by and among the Governmental Lender, the Fiscal Agent and the Borrower is being delivered by the respective parties and becoming effective and shall supersede the Indenture and the Loan Agreement, respectively, (vii) the proceeds of the Initial Funding Lender Purchase Price, along with other funds of the Borrower, are being deposited into the Collateral Fund under the Indenture, or with the Title Company at the direction of the Mortgage Lender and the Initial Funding Lender, (viii) the Mortgage Loan is being paid in full with amounts on deposit in the Collateral Fund or with the Title Company, as applicable, pursuant to the Indenture and all security related to the Mortgage Loan is being released or assigned to the Initial Funding Lender, and (ix) the Borrower is executing an Amended and Restated Project Note (together with all riders and modifications thereto, the “**Project Note**”) to evidence its obligations under this Project Loan Agreement and a Multifamily Open-End Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Financing Statement (the “**Security Instrument**”) with respect to the Project to secure its obligations under this Project Loan Agreement, which Project Note and Security Instrument will be held by the Fiscal Agent under the Funding Loan Agreement to secure the Governmental Note of the Governmental Lender.

- G. On the Conversion Date, the Borrower shall also enter into a Continuing Covenant Agreement with the Initial Funding Lender (the “**Continuing Covenant Agreement**”).
- H. Pursuant to the Freddie Mac Commitment, Freddie Mac has agreed to purchase the Funding Loan from the Initial Funding Lender upon the date of satisfaction of the conditions set forth in the Freddie Mac Commitment (the “**Freddie Mac Purchase Date**”). On the Freddie Mac Purchase Date, the Initial Funding Lender will assign to Freddie Mac all of its rights and interest in the Governmental Note, the Funding Loan Agreement, the Continuing Covenant Agreement and the other Financing Documents (as such terms are herein defined).
- I. On and after the Freddie Mac Purchase Date, Freddie Mac will act as Funding Lender Representative with respect to the Loans (in such capacity and any successor in such capacity, the “**Funding Lender Representative**”). The Initial Funding Lender will act as the initial servicer for the Loans on behalf of Funding Lender Representative (in such capacity, the “**Loan Servicer**”).
- J. The Governmental Lender has determined that all things necessary to incur the Funding Loan and to make the Governmental Note, when executed by the Governmental Lender and authenticated by the Fiscal Agent and issued in accordance with the Funding Loan Agreement, the valid, binding and legal obligation of the Governmental Lender and to constitute the Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, premium, if any, and interest on, the Governmental Note, have been duly taken, and the creation, execution and delivery of the Funding Loan Agreement and the execution and delivery of the Governmental Note, subject to the terms of the Funding Loan Agreement, have been duly authorized by the Governmental Lender.
- K. The Fiscal Agent has the power and authority to enter into the Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of the Funding Loan Agreement.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Project Loan by Governmental Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS; INTERPRETATION; SCHEDULES.

- 1.01 Definitions.** The terms used in this Project Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Project Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used

herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Funding Loan Agreement and the Continuing Covenant Agreement.

“**Act**” is defined in the Recitals of this Project Loan Agreement.

“**Additional Loans**” is defined in Section 8.13 of this Project Loan Agreement.

“**Borrower**” means the entity identified as “Borrower” in the Recitals of this Project Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

“**Continuing Covenant Agreement**” is defined in the Recitals of this Project Loan Agreement.

“**Delivery Date**” means the date identified as “Delivery Date” in the Recitals of this Project Loan Agreement, which is the date of funding of the Funding Loan and the delivery of the Governmental Note by Governmental Lender to Initial Funding Lender.

“**Event of Default**” means the occurrence of any event listed in Section 7.01 hereof.

“**Fee Component**” means the regular, ongoing fees due from time to time to Governmental Lender, Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

“**Fiscal Agent**” means the entity identified as “Fiscal Agent” on Page 1 of this Project Loan Agreement, together with any successor Fiscal Agents appointed under the Funding Loan Agreement.

“**Freddie Mac**” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“**Freddie Mac Commitment**” is defined in the Recitals of this Project Loan Agreement.

“**Freddie Mac Purchase Date**” is defined in the Recitals of this Project Loan Agreement.

“**Funding Loan**” is defined in the Recitals of this Project Loan Agreement.

“**Funding Loan Agreement**” is defined in the Recitals of this Project Loan Agreement.

“**Governmental Lender**” means the entity identified as “Governmental Lender” on Page 1 of this Project Loan Agreement.

“**Governmental Note**” is defined in the Recitals of this Project Loan Agreement.

“**Initial Funding Lender**” is defined in the Recitals of this Project Loan Agreement.

“**Loans**” is defined in the Recitals of this Project Loan Agreement.

“**Project**” is defined in the Recitals of this Project Loan Agreement.

“**Project Loan**” is defined in the Recitals of this Project Loan Agreement.

“**Project Loan Agreement**” means this Project Loan Agreement, together with any amendments hereto.

“**Project Loan Amortization Schedule**” means the Project Loan Amortization Schedule attached as Schedule 1 to the Project Note.

“Project Loan Payment” means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

“Project Loan Payment Date” means (a) the first day of each calendar month, commencing _____ 1, 2024, or (b) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; provided, however, that if a Project Loan Payment Date is not a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date as provided in Section 4.01(c) hereof.

“Project Note” is defined in the Recitals of this Project Loan Agreement.

“Security Instrument” is defined in the Recitals of this Project Loan Agreement.

“Servicing Fee” means the ordinary fee payable to Loan Servicer in connection with the servicing of the Loans payable monthly in an amount equal to one twelfth of 0.10% of the outstanding principal balance of the Project Loan, computed on the basis of a 360-day year and the actual number of days elapsed.

“Taxes” means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

1.02 Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Project Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Project Loan Agreement are to the designated Articles, Sections and other subdivisions of this Project Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Project Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

1.03 Schedules

Schedules	
Schedule I	List of Project Loan Agreement Sections

ARTICLE II REPRESENTATIONS, WARRANTIES AND COVENANTS.

2.01 Representations, Warranties and Covenants of Governmental Lender. Governmental Lender makes the following representations, warranties and covenants for the benefit of Borrower, Fiscal Agent, Funding Lender and Loan Servicer:

- (a) Governmental Lender is a non-profit public facility corporation duly organized, validly existing and in good standing under the laws of the Property Jurisdiction.
- (b) Governmental Lender has all necessary power and authority to incur the indebtedness of the Funding Loan evidenced by the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

- (c) Governmental Lender has taken all action on its part to incur the Funding Loan evidenced by the Governmental Note and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.
- (d) Each of the Financing Documents to which Governmental Lender is a party has been duly and validly authorized, executed and delivered by Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Governmental Lender, enforceable against Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.
- (e) Governmental Lender has complied with the provisions of the laws of the Property Jurisdiction, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Note and the Financing Documents to which Governmental Lender is a party, the consummation of the transactions on the part of Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of Governmental Lender under the terms of any instrument or agreement.
- (f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by Governmental Lender of, and performance by Governmental Lender of its obligations under, the Financing Documents.
- (g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of Governmental Lender, threatened against Governmental Lender by or before any court, governmental agency or public board or body, nor, to Governmental Lender's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of Governmental Lender or the title to office of any member of the governing body of Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Note or any Financing Document; (iv) questions the tax-exempt status of the Governmental Note; or (v) questions the power or authority of Governmental Lender to perform its obligations under the Governmental Note or any Financing Document, or to carry out the transactions contemplated by the Governmental Note and the Financing Documents.
- (h) No officer or other official of Governmental Lender has any personal financial interest in the Project or Borrower or in the transactions contemplated by this Project Loan Agreement.
- (i) Upon the discovery by Governmental Lender of any noncompliance by Borrower with this Project Loan Agreement, the Tax Certificate or the TEL Regulatory Agreement, Governmental Lender will promptly notify Fiscal Agent, Loan Servicer and Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement, the Tax Certificate and the TEL Regulatory Agreement.

It is expressly acknowledged that Governmental Lender makes no representation as to the financial position or business condition of Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by Borrower in connection with the issuance, sale, execution and delivery of the Governmental Note, or as to the correctness, completeness or accuracy of such statements.

2.02 Representations, Warranties and Covenants of Borrower. Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of Borrower contained in this Project Loan Agreement, are relied upon by Governmental Lender, Funding Lender, Loan Servicer and Fiscal Agent and serve as a basis for the undertakings of Governmental Lender, Loan Servicer and Fiscal Agent contained in this Project Loan Agreement:

- (a) Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and is duly qualified to conduct its business under the laws of the Property Jurisdiction and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All corporate general partners, if any, of Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the Property Jurisdiction as either domestic or foreign corporations, as applicable. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the Property Jurisdiction, are duly qualified to transact business in the Property Jurisdiction as either domestic or foreign partnerships or limited liability companies, as applicable.
- (b) Borrower has the legal right, power and authority (i) to own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and Borrower contemplates it to be conducted with respect to the Project and (iii) to execute and deliver, carry out its obligations under, and close the transactions provided for in the Financing Documents to which it is a party.
- (c) Each of the Financing Documents to which Borrower is a party has been duly authorized, executed and delivered by Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.
- (d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of construction of the Project, is required for the due execution and delivery or approval, as the case may be, by Borrower of, and the performance by Borrower of its obligations under, the Financing Documents to which it is a party.
- (e) None of the execution and delivery of the Financing Documents to which Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which Borrower is subject, or any of the organizational or other governing documents of Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or

- both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.
- (f) Reserved.
- (g) There is no action, suit, proceeding, inquiry or investigation pending or, to Borrower's knowledge, threatened against or affecting Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.
- (h) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.
- (i) Borrower has filed or caused to be filed all federal, state and local tax returns which are required to be filed or has obtained appropriate extensions therefor, and has paid or caused to be paid all taxes as shown on said returns or on any assessment received by it, to the extent that such taxes have become due.
- (j) Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of Borrower or the enforceability of the Financing Documents to which Borrower is a party or the ability of Borrower to perform all obligations thereunder.
- (k) Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.
- (l) If Borrower is a partnership, all of the partnership interests in Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests except as disclosed on Borrower's organizational documents or the Ground Lease. If Borrower is a limited liability company, all of the ownership interests in Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Project Loan Agreement shall prevent Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.
- (m) The representations and warranties of Borrower contained in the Tax Certificate and TEL Regulatory Agreement are true and accurate in all material respects.
- (n) The information, statements or reports furnished in writing to Governmental Lender, Loan Servicer and Funding Lender Representative by Borrower in connection with this Project Loan

- Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of Borrower delivered as of the Delivery Date are reasonable.
- (o) To the knowledge of Borrower, no commissioner, member, officer or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents.
 - (p) Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement to sell, all or any portion of the Project.
 - (q) The Project is located wholly within the boundaries of the State of Texas.
 - (r) Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes, except where such holder of the Governmental Note is a "substantial user" of the facilities financed with the Loans or a "related person" within the meaning of the Code. Borrower shall operate the Project as required by the TEL Regulatory Agreement.
 - (s) The Funding Loan Agreement has been submitted to Borrower for examination, and Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.
 - (t) Borrower will have a leasehold interest in the Land and a fee simple interest in the Improvements, subject only to liens permitted under the Security Instrument.
 - (u) Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on Governmental Lender, Fiscal Agent, Freddie Mac, Funding Lender, Funding Lender Representative or Loan Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on Governmental Lender, Fiscal Agent, Freddie Mac, Funding Lender, Funding Lender Representative or Loan Servicer in any manner.

2.03 Representations and Warranties of Fiscal Agent. Fiscal Agent makes the following representations and warranties for the benefit of Governmental Lender, Borrower, Funding Lender and Loan Servicer:

- (a) Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States. Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

- (b) Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.
- (c) Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.
- (d) Each of the Financing Documents to which Fiscal Agent is a party has been duly executed and delivered by Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of Fiscal Agent, enforceable against Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).
- (e) Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.
- (f) Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of Fiscal Agent described or contemplated in the Financing Documents.
- (g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party. Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

2.04 Arbitrage and Rebate Fund Calculations. Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Funding Loan Agreement, and (b) if required to do so under Section 4.10 of the Funding Loan Agreement, select at Borrower's expense, a Rebate Analyst reasonably acceptable to Governmental Lender for the purpose of making any and all calculations required under Section 4.10 of the Funding Loan Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.10 of the Funding Loan Agreement. Borrower shall cause the Rebate Analyst to provide such calculations to Fiscal Agent and Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

2.05 Tax Covenants of Borrower. Borrower covenants and agrees that:

- (a) It will at all times comply with the terms of the Tax Certificate and the TEL Regulatory Agreement; provided, however, that Borrower shall not be in breach of this covenant if the interest payable on the Governmental Note is included in the gross income of the Funding Lender due to the Funding.

- (b) It will not take, or permit to be taken on its behalf, any action which would cause the interest payable on the Governmental Note to be included in the gross income of the holders thereof for federal income tax purposes, and will take such action as may be necessary in the opinion of Bond Counsel to continue such exclusion from gross income, including, without limitation, the preparation and filing of all statements required to be filed by it in order to maintain the exclusion (including, but not limited to, the filing of all reports and certifications required by the TEL Regulatory Agreement).
- (c) No changes will be made to the Project by the Borrower, no actions will be taken by Borrower and Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Governmental Note.
- (d) It will comply with the requirements of Section 148 of the Code and the Treasury Regulations issued thereunder throughout the term of the Funding Loan and the Project Loan and will not make any use of the proceeds of the Funding Loan or the Project Loan, or of any other funds which may be deemed to be proceeds of the Governmental Note under the Code and the Treasury Regulations, which would cause the Governmental Note to be "arbitrage bonds" within the meaning of Section 148 of the Code.
- (e) If Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Governmental Note becoming includable in gross income of the holders thereof for federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer.

In the event of a conflict between the terms and requirements of this Section 2.05 and the Tax Certificate, the terms and requirements of the Tax Certificate shall control.

ARTICLE III THE PROJECT LOAN.

3.01 Conditions to Funding the Project Loan. On the Conversion Date, the Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent and used to fund the Project Loan to the Borrower to refinance the Project in accordance with the terms of the Indenture and the Funding Loan Agreement. The execution and delivery of this Project Loan Agreement shall be subject to the conditions set forth in Section 2.10 of the Indenture.

3.02 Terms of the Project Loan; Servicing.

- (a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the original principal amount of \$60,815,000; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note.
- (b) Funding Lender Representative may appoint a Loan Servicer to service the Loans for all or a portion of the term of the Loans. The initial Loan Servicer of the Loans is the Initial Funding Lender who shall service the Loans pursuant to the terms of the Freddie Mac Commitment and the Guide. Funding Lender Representative may remove a Loan Servicer or appoint a replacement Loan Servicer, in its discretion, by written notice provided to Governmental Lender, Fiscal Agent and Borrower. Any successor Loan Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to Funding Lender Representative, a copy of which shall be provided to the parties hereto.

- (c) During any period that Loan Servicer services the Loans, Borrower shall make all payments in connection with the Project Loan to Loan Servicer, and Loan Servicer will:
- (i) Retain the allocable portion of the monthly Servicing Fee for its own account;
 - (ii) Remit to Funding Lender all payments of principal of, Prepayment Premium, if any, and interest due with respect to the Funding Loan, together with any other amounts due to Funding Lender;
 - (iii) Remit to Fiscal Agent the Fiscal Agent's Ordinary Fees and Expenses, together with any other amounts due to Fiscal Agent; and
 - (iv) Remit to Governmental Lender the Governmental Lender Fee, together with any other amounts due to Governmental Lender.

During any period in which there is no Loan Servicer, all notices to be sent to Loan Servicer shall be sent to Funding Lender Representative (to the extent not already provided) and all amounts to be paid to Loan Servicer by Borrower shall be paid directly to Fiscal Agent (unless otherwise directed by Funding Lender Representative).

- (d) Governmental Lender, Fiscal Agent and Borrower hereby acknowledge and agree that:
- (i) Funding Lender Representative has appointed Loan Servicer to service and administer the Project Loan.
 - (ii) The selection or removal of any Loan Servicer is in the sole and absolute discretion of Funding Lender Representative.
 - (iii) None of Governmental Lender, Fiscal Agent or Borrower shall terminate or attempt to terminate any Loan Servicer as Loan Servicer for the Project Loan or appoint or attempt to appoint a substitute Loan Servicer for the Project Loan.
 - (iv) The Guide is subject to amendment without the consent of Fiscal Agent, Governmental Lender or Borrower.
 - (v) None of Fiscal Agent, Governmental Lender or Borrower shall have any rights under, or be a third-party beneficiary of, the Guide.

3.03 Initial Deposits. On the Conversion Date, proceeds of the purchase of the Funding Loan by the Initial Funding Lender shall be deposited and applied by the Fiscal Agent in accordance with the Indenture.

3.04 Pledge and Assignment to Fiscal Agent. The parties hereto acknowledge, and Borrower consents to, the pledge and assignment by Governmental Lender to Fiscal Agent pursuant to the Funding Loan Agreement of all of Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, Prepayment Premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

3.05 Investment of Funds. Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by Fiscal Agent in Qualified Investments in accordance with Section 4.07 of the Funding Loan Agreement.

3.06 Damage; Destruction and Eminent Domain. If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or

the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and Governmental Lender, Borrower, Fiscal Agent or Loan Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

- 3.07 Enforcement of Financing Documents.** Fiscal Agent or Funding Lender Representative may enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV LOAN PAYMENTS.

4.01 Payments Under the Project Note; Independent Obligation of Borrower.

- (a) Payment Obligations. Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable Fiscal Agent, on behalf of Governmental Lender, or Loan Servicer, to pay all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with Prepayment Premium, if applicable), acceleration or otherwise. To ensure such timely payment, Loan Servicer shall collect from Borrower, and Borrower shall provide to Loan Servicer the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date.

The obligation of Borrower to make the payments set forth in this Article IV shall be an independent obligation of Borrower, separate from its obligation to make payments under the Project Note, provided that in all events payments made by Borrower under and pursuant to the Project Note shall be credited against Borrower's obligations hereunder on a dollar-for-dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Note shall be deemed to be the obligation of Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

- (b) Obligations Unconditional; No Set-Off. The obligation of Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of Borrower's use thereof, the eviction or constructive eviction of Borrower, any change in the tax or other laws of the United States of America, the Property Jurisdiction or any political subdivision thereof, any change in Governmental Lender's legal organization or status, or any default of Governmental Lender or Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

- (c) Payments from Borrower to Fiscal Agent or Loan Servicer. Each payment by Borrower hereunder or under the Project Note shall be made in immediately available funds to Loan Servicer on each Project Loan Payment Date or such other date when such payment is due; provided, however, such Project Loan Payment shall be made directly to Fiscal Agent if there is no Loan Servicer or if Borrower is so directed in writing by Funding Lender Representative. Each such payment shall be made to Fiscal Agent or Loan Servicer, as applicable, by deposit to such account as Fiscal Agent or Loan Servicer may designate by written notice to Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

4.02 Additional Payments Under the Project Note and Project Loan Agreement.

- (a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by Borrower under the Project Note include certain money to be paid in respect of, among other things, the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, or amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of Borrower as provided in subsection (b) of this Section 4.02.
- (b) In addition to the funding of the initial deposits required of Borrower described in Section 3.03, Borrower shall pay (or cause to be paid by Loan Servicer or Fiscal Agent (to the extent paid from money on deposit in the Administration Fund) or, with respect to amounts due on the Conversion Date, a title company or other escrow agent approved by the Initial Funding Lender) or Escrow Agent (as provided for in the Settlement Statement), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:
- (i) Reserved.
 - (ii) On the Conversion Date, to Freddie Mac, all third party and out-of-pocket expenses of Freddie Mac (including but not limited to the fees and expenses of counsel to Freddie Mac) in connection with the Loans.
 - (iii) On the Conversion Date, to Governmental Lender, all third party and out-of-pocket expenses of Governmental Lender (including but not limited to the fees and expenses of Bond Counsel and counsel to Governmental Lender) in connection with the Loans and the issuance of the Governmental Note.
 - (iv) On the Conversion Date, to the Initial Funding Lender and the Servicer, all fees and expenses, including all third party and out of pocket expenses of the Initial Funding Lender and the Servicer (including but not limited to the fees and expenses of counsel to the Initial Funding Lender and the Servicer, if any) in connection with the Loans.
 - (v) On the Conversion Date, to Fiscal Agent, all third party and out-of-pocket expenses of Fiscal Agent (including but not limited to the fees and expenses of counsel to Fiscal Agent) in connection with the Loans and the issuance of the Governmental Note.
 - (vi) To Fiscal Agent, the Fiscal Agent's Ordinary Fees and Expenses and the Fiscal Agent's Extraordinary Fees and Expenses when due from time to time.

- (vii) To Governmental Lender, the Governmental Lender Fee when due and any extraordinary expenses not covered by the Governmental Lender Fee that Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.
- (viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and this Project Loan Agreement when due from time to time.
- (ix) To Funding Lender Representative, any amount due and owing to Funding Lender Representative from time to time but unpaid under the Continuing Covenant Agreement.
- (x) To Loan Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs and expenses of Loan Servicer as provided in the Continuing Covenant Agreement.
- (xi) To Loan Servicer, the amounts required to be deposited in respect of reserves and impositions required under the Continuing Covenant Agreement and the other Project Loan Documents.
- (xii) If Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to Fiscal Agent, within two (2) Business Days of receipt from Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

4.03 Payments to Rebate Fund. Borrower shall pay when due to Fiscal Agent at the Principal Office of Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.10 of the Funding Loan Agreement.

4.04 Prepayment.

- (a) Optional Prepayment of the Project Loan. Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note.
- (b) Mandatory Prepayment of the Project Loan. Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued interest thereon, and together with any Prepayment Premium due under the Project Note, as provided in the Project Note.
- (c) Defeasance of the Funding Loan. In addition, prior to the Window Period, Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, Borrower will give written notice (a “**Defeasance Notice**”) to Funding Lender Representative, Loan Servicer, Governmental Lender and Fiscal Agent of the date Borrower desires to defease the Funding Loan (the “**Defeasance Date**”). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, Borrower shall cause to be paid to Funding Lender Representative the Defeasance Fee set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

4.05 Borrower's Obligations Upon Prepayment. In the event of any prepayment, Borrower will timely pay, or cause to be paid through Loan Servicer, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and Prepayment Premium, if any. In addition, Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

4.06 Limits on Personal Liability.

- (a) Except as otherwise set forth in Section 14 of the Project Note and subsection 4.06(b) below, the obligations of Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of Borrower which shall be enforced only against the Project and other property of Borrower encumbered by the Financing Documents and not personally against Borrower or any partner of Borrower or any successor or assign of Borrower. However, nothing in this Section 4.06 shall limit the right of Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to proceed against Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys' fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that Loan Servicer or Funding Lender Representative may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.
- (b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of Borrower shall be and remain the joint and several full recourse obligations of Borrower and Borrower's general partner:
 - (i) Borrower's obligations to Governmental Lender and Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi), and (b)(vii) of Section 4.02 hereof.
 - (ii) Borrower's obligations under Sections 2.05 and 6.01 of this Project Loan Agreement.
 - (iii) Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04, 4.02(b)(viii), and 4.03 of this Project Loan Agreement and the Tax Certificate.
 - (iv) Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V SPECIAL COVENANTS OF BORROWER.

5.01 Performance of Obligations. Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

5.02 Compliance with Applicable Laws. All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

5.03 Funding Loan Agreement Provisions. The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon Borrower, such duty or obligation shall be binding upon Borrower to the same extent as if Borrower were an express party to the Funding Loan

Agreement, and Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if Borrower were a party to the Funding Loan Agreement.

5.04 Borrower to Maintain Its Existence; Certification of No Default.

- (a) Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.
- (b) In addition to performing all other similar requirements under the Financing Documents to which Borrower is a party, Borrower shall, within 30 days after the end of each calendar year, render to Fiscal Agent a certificate executed by an Authorized Officer of Borrower to the effect that Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which Borrower is a party and that, to the best of Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

5.05 Borrower to Remain Qualified in Property Jurisdiction and Appoint Agent. Borrower will remain duly qualified to transact business in the Property Jurisdiction and will maintain an agent in the Property Jurisdiction on whom service of process may be made in connection with any actions against Borrower.

5.06 Sale or Other Transfer of Project. Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon receipt of the prior written consent of Governmental Lender and Funding Lender Representative.

5.07 Right to Perform Borrower's Obligations. In the event Borrower fails to perform any of its obligations under this Project Loan Agreement, Governmental Lender, Fiscal Agent, Loan Servicer and/or Funding Lender Representative, after giving requisite notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

5.08 Notice of Certain Events. Borrower shall promptly advise Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

5.09 Survival of Covenants. The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to Fiscal Agent, the resignation or removal of Fiscal Agent.

5.10 Access to Project; Records. Subject to reasonable notice and the rights of tenants at the Project, Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours to do any of the following:

- (a) Enter the Project and any other location containing the records relating to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.
- (b) Inspect and audit any and all of Borrower's records or accounts pertaining to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.

- (c) Require Borrower, at Borrower's sole expense, (i) to furnish such documents to Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, as Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative or the respective duly authorized agents of each, may reasonably require.

Borrower shall make available to Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

- 5.11 TEL Regulatory Agreement.** The covenants of Borrower in the TEL Regulatory Agreement shall be deemed to constitute covenants of Borrower running with the land and an equitable servitude for the benefit of Governmental Lender and Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the TEL Regulatory Agreement. Borrower covenants to file of record the TEL Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the TEL Regulatory Agreement will, subject to the terms of the TEL Regulatory Agreement, be binding upon all owners of the Project. Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the TEL Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, Governmental Lender and Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of Borrower contained in the TEL Regulatory Agreement.
- 5.12 Damage, Destruction and Condemnation.** If prior to payment in full of the Funding Loan (or provision for payment in full of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.
- 5.13 Reserved.**
- 5.14 Filing of Financing Statements.** Borrower shall file or record or cause to be filed or recorded on or prior to the Conversion Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of Governmental Lender, Fiscal Agent and Funding Lender in connection with such security interests. Borrower shall cooperate with Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements; provided, however, that Fiscal Agent shall only file or record, or cause to be filed or recorded, those UCC continuation statements on which Fiscal Agent is named as a secured party or additional secured party for financing statements that have been delivered to Fiscal Agent, at Borrower's expense.

ARTICLE VI INDEMNIFICATION.

6.01 Indemnification.

- (a) Indemnified Losses. To the fullest extent permitted by law, Borrower agrees to indemnify, hold harmless and defend Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender and each of their respective officers, governing commissioners, members, directors, officials, employees, attorneys and agents (collectively, the “**Indemnified Parties**”), against any and all losses, damages (including, but not limited to, consequential and punitive damages), claims, actions, liabilities, costs and expenses of any conceivable nature, kind or character (including, without limitation, reasonable attorneys’ fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise (collectively, “**Losses**”), to the extent arising, directly or indirectly, out of or based upon or in any way relating to any of the following:
- (i) Any breach by Borrower of its obligations under the Financing Documents or the execution, amendment, restructuring or enforcement thereof, or in connection with transactions contemplated thereby, including the issuance, sale, transfer or resale of the Governmental Note.
 - (ii) Any act or omission of Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project Loan or the Project, the operation of the Project, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation, construction or equipping of, the Project or any part thereof.
 - (iii) Any accident, injury to, or death of persons or loss of or damage to property occurring in, on or about the Project or any part thereof.
 - (iv) Any lien (other than liens permitted under the Continuing Covenant Agreement) or charge upon payments by Borrower to Governmental Lender, Fiscal Agent or Loan Servicer hereunder, or any Taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on Governmental Lender or Fiscal Agent in respect of any portion of the Project (other than income and similar taxes on fees received or earned in connection therewith).
 - (v) Any violation of any environmental law, rule or regulation with respect to, or the release of any hazardous materials from, the Project or any part thereof.
 - (vi) The enforcement of, or any action taken by Governmental Lender, Fiscal Agent or Funding Lender Representative related to remedies under this Project Loan Agreement, the Funding Loan Agreement or any other Financing Document.
 - (vii) Any untrue statement of a material fact or alleged untrue statement of a material fact by Borrower contained in any offering statement or document for the Governmental Note or any of the Financing Documents to which Borrower is a party, or any omission or alleged omission by Borrower of a material fact from any offering statement or document for the Governmental Note necessary to be stated therein in order to make the statements made therein by Borrower, in the light of the circumstances under which they were made, not misleading.
 - (viii) Any declaration of taxability of interest on the Governmental Note or allegations (or regulatory inquiry) that interest on the Governmental Note is includable in the gross income of the holders thereof for federal income tax purposes (except to the extent

taxable under Section 147(a) of the Code or any successor provision of the Code and applicable Treasury Regulations or any successor law or regulations).

- (ix) Any audit or inquiry by the Internal Revenue Service with respect to the Project and/or the tax-exempt status of the Governmental Note.
- (x) Fiscal Agent's acceptance or administration of the trust of the Funding Loan Agreement, or the exercise or performance of any of its powers or duties thereunder or under any of the documents relating to the Governmental Note to which it is a party; except (A) in the case of the foregoing indemnification of Fiscal Agent, or any of its respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the negligence, unlawful acts or willful misconduct of such Indemnified Party; or (B) in the case of the foregoing indemnification of Loan Servicer, Funding Lender or Governmental Lender or any of their respective officers, commissioners, members, directors, officials, employees, attorneys and agents, to the extent such Losses are caused by the gross negligence or willful misconduct of such Indemnified Party.

Notwithstanding the foregoing, during the Permanent Phase, nothing in this subsection (a) shall impose any recourse liability on the Borrower or its partners for the payment of any principal of or interest on the Project Loan.

- (b) Procedures. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected or approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. Borrower shall pay the reasonable fees and expenses of such separate counsel; provided, however, that such Indemnified Party may employ separate counsel at the expense of Borrower only if, in such Indemnified Party's good faith judgment, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.
- (c) Borrower to Remain Obligated. Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Continuing Covenant Agreement and the Regulatory Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.
- (d) Survival. The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement.

6.02 Limitation with Respect to Funding Lender. Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that Funding Lender (or its nominee) owns the Project and that this Article

VI is applicable to Funding Lender (or its nominee), Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of Funding Lender (or its nominee) occurring during the period of Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES.

7.01 Events of Default. The occurrence of any one or more of the following will constitute an Event of Default under this Project Loan Agreement:

- (a) Any representation or warranty made by Borrower in the Financing Documents or any certificate, statement, data or information furnished by Borrower in connection therewith or included by Borrower in its application to Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect.
- (b) Failure by Borrower to pay any amounts due under this Project Loan Agreement or the Project Note at the times and in the amounts required by this Project Loan Agreement or the Project Note, as applicable, subject to any applicable cure or grace period set forth therein or in the Continuing Covenant Agreement
- (c) Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by Governmental Lender, Fiscal Agent or Funding Lender Representative to Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Funding Lender Representative's sole discretion, adversely affect Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); provided, however, no such notice or grace periods shall apply in the case of any such failure which could, in Funding Lender Representative's judgment, absent immediate exercise by Funding Lender Representative of a right or remedy under this Project Loan Agreement, result in harm to Funding Lender or impairment of this Project Loan Agreement or any other Financing Document.
- (d) The occurrence of a default under the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if Fiscal Agent is provided written notice by Funding Lender Representative that an Event of Default has occurred under such Financing Document and Fiscal Agent is instructed by Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of Funding Lender Representative constitute a default under the other Financing Documents.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents.

7.02 Remedies on Default. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, Funding Lender (or Fiscal Agent at the direction of Funding Lender), may take any one or more of the following remedial steps:

- (a) Such action, without notice or demand, as Funding Lender deems advisable to protect and enforce its rights against Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of,

Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).

- (b) Without being required to give any notice (other than to Governmental Lender or Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the Property Jurisdiction, as supplemented and amended, or any other applicable laws.
- (c) Whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, Governmental Lender and Fiscal Agent may pursue remedies with respect to the Unassigned Rights. Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

7.03 No Remedy Exclusive. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by Funding Lender (or Fiscal Agent at the direction of Funding Lender), at any time and from time to time, whether or not Funding Lender has accelerated the Project Loan, and whether or not Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to Funding Lender or Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Funding Lender (or Fiscal Agent at the direction of Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

7.04 Agreement to Pay Attorneys' Fees and Expenses. In the event Borrower shall default under any of the provisions of this Project Loan Agreement and Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of Borrower contained in this Project Loan Agreement or in the Project Note, Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

7.05 No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

7.06 Control of Proceedings.

- (a) Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with

or without the involvement of Fiscal Agent or Governmental Lender. In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of Funding Lender Representative.

- (b) Governmental Lender and Fiscal Agent covenant that they will not, without the prior written consent of Funding Lender Representative, take any of the following actions:
- (i) Prosecute any action with respect to a lien on the Project.
 - (ii) Initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan.
 - (iii) Interfere with or attempt to influence the exercise by Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any default by Borrower under the Financing Documents.
 - (iv) Take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.
- (c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender or Fiscal Agent may take one or both of the following actions:
- (i) Specifically enforce the tax covenants of Borrower specified in Sections 2.04 and 2.05 hereof or seek injunctive relief against acts which may be in violation thereof.
 - (ii) Specifically enforce the TEL Regulatory Agreement or seek injunctive relief against acts which may be in violation of the TEL Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Internal Revenue Code and state law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may Governmental Lender or Fiscal Agent seek any form of monetary damages from Borrower in connection with such enforcement).

In addition, notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender and Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of Governmental Lender, Fiscal Agent or any Indemnified Party related to Governmental Lender or Fiscal Agent under Section 6.01 (each a "**Related Indemnified Party**") to enforce their respective rights against Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, provided that no obligation of Borrower to Governmental Lender, Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of Governmental Lender, Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for Fiscal Agent's right to receive payment of Fiscal Agent's Extraordinary Fees and Expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an Event of Default with respect to the Funding Loan, which Fiscal Agent's Extraordinary Fees and Expenses shall be payable as provided thereunder). Accordingly, none of Governmental Lender, Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against Borrower, without recourse to the Project. In addition, any such enforcement must not cause Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, construction, composition, reorganization, conservation or other similar law in effect now or in the future.

7.07 Assumption of Obligations. In the event that Fiscal Agent or Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of Borrower under this Project Loan Agreement, the Project Note, the TEL Regulatory Agreement, and any other Financing Documents to which Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of Borrower.

ARTICLE VIII MISCELLANEOUS.

8.01 Notices.

- (a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 10.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and a duplicate copy of each notice or other communication given hereunder by any party to Funding Lender Representative shall be given to Loan Servicer.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

- (b) Fiscal Agent shall provide to Funding Lender Representative and Loan Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative for any such information or other communication.

8.02 Concerning Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender and Funding Lender Representative, as applicable.

- 8.03 Governing Law.** This Project Loan Agreement shall be construed in accordance with and governed by the internal laws of the Property Jurisdiction and, where applicable, the laws of the United States of America.
- 8.04 Modifications in Writing.** Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.
- 8.05 Further Assurances and Corrective Instruments.** Governmental Lender, Fiscal Agent and Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.
- 8.06 Captions.** The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.
- 8.07 Severability.** The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.
- 8.08 Counterparts.** This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument. The exchange of copies of this Project Loan Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument as to the parties hereto and may be used in lieu of the original instrument for all purposes. Signature pages of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.
- 8.09 Amounts Remaining in Loan Payment Fund or Other Funds.** It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loan and all other amounts owing under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.
- 8.10 Effective Date and Term.** This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the Effective Date, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.
- 8.11 Cross References.** Any reference in this Project Loan Agreement to an "Exhibit," an "Article," a "Section," a "Subsection" or a "Paragraph" shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All schedules and exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.
- 8.12 Funding Lender Representative and Loan Servicer as Third-Party Beneficiaries.** The parties hereto agree and acknowledge that Funding Lender Representative and Loan Servicer are third-party beneficiaries of this Project Loan Agreement.
- 8.13 Supplemental Financings.** Governmental Lender and Fiscal Agent each acknowledges that Loan Servicer (or another originating lender that is generally approved by Freddie Mac to sell mortgages to

Freddie Mac) may make additional loans to Borrower secured by additional mortgages on the Project (“**Additional Loans**”), provided however that no such Additional Loans may be made without the prior written consent of Governmental Lender as set forth in Section ____ of the _____. Additional Loans must be subordinate to the repayment of the Project Loan by Borrower.

- 8.14 Non-Liability of Governmental Lender.** Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by Fiscal Agent on behalf of Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the Property Jurisdiction or any political subdivision thereof, nor the faith and credit of Governmental Lender or any member is pledged to the payment of the principal (or Prepayment Premium) or interest on the Funding Loan. Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from Borrower under this Project Loan Agreement.

Borrower hereby acknowledges that Governmental Lender’s sole source of money to repay the Funding Loan will be provided by the payments made by Borrower pursuant to this Project Loan Agreement, together with investment income on certain funds and accounts held by Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Prepayment Premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from Fiscal Agent, Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Prepayment Premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of Fiscal Agent, Borrower, Governmental Lender or any third party, subject to any right of reimbursement from Fiscal Agent, Governmental Lender or any such third party, as the case may be, therefor.

- 8.15 No Liability of Officers.** No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of Governmental Lender, either directly or through Governmental Lender, or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may be due and unpaid by Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.
- 8.16 Capacity of Fiscal Agent.** Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. Fiscal Agent shall be responsible only for the duties of Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.
- 8.17 Reliance.** The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by Governmental Lender, Fiscal Agent, Bond Counsel, Loan Servicer, Funding Lender and Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, Governmental Lender and Fiscal Agent may rely upon statements and certificates of Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of Borrower pertaining to occupancy of the Project. In addition, Governmental Lender and Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and

protection in respect of any action taken or suffered by Governmental Lender or Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than Governmental Lender) that:

- (a) Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to Governmental Lender by Fiscal Agent, Funding Lender or Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by Governmental Lender;
- (b) Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by Fiscal Agent, Funding Lender Representative, Loan Servicer or Borrower, as applicable; and
- (c) None of the provisions of this Project Loan Agreement shall require Governmental Lender or Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

GOVERNMENTAL LENDER:

Manor Housing Public Facility Corporation

By: _____
President

Attest:

Secretary

SIGNATURES CONTINUE ON FOLLOWING PAGE

FISCAL AGENT:

BOKF, NA, a national banking association

By: _____
Name:
Title:

SIGNATURES CONTINUE ON FOLLOWING PAGE

BORROWER:

Manor Leased Housing Associates I, Limited Partnership, a limited partnership

By: _____
Name:
Title:

Schedule I

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Funding Loan Agreement – Fixed Rate – TEL
(Revised 10-10-2023)

THIS FUNDING LOAN AGREEMENT (“**Funding Loan Agreement**”) dated as of October 1, 2024, is made by and among the Manor Housing Public Facility Corporation (the “**Governmental Lender**”), BOKF, NA, a national banking association, as fiscal agent (the “**Fiscal Agent**”), and JLL Real Estate Capital, LLC, a Delaware limited liability company (in such capacity, the “**Initial Funding Lender**”).

RECITALS

- A. Pursuant to the Texas Public Facility Corporation Act, Chapter 303, Texas Local Government Code, as amended (the “**Act**”) and a resolution of the Governmental Lender adopted on October 16, 2024 (the “**Bond Resolution**”), the Governmental Lender issued and sold its \$60,815,000 Multifamily Housing Revenue Bonds (Tower Road Apartments Apartments), Series 2024 (the “**Bonds**”) pursuant to a Trust Indenture (the “**Indenture**”), dated as of October 1, 2024, between the Governmental Lender and BOKF, NA, a national banking association, as trustee (the “**Trustee**”) and used the proceeds thereof to make a loan in the same principal amount (the “**Loan**”) to Manor Leased Housing Associates I, Limited Partnership, a limited partnership (the “**Borrower**”), upon the terms and conditions of the Loan Agreement dated as of October 1, 2024 (the “**Loan Agreement**”) between the Governmental Lender and the Borrower, for purposes of funding a portion of the costs of constructing and equipping a 324-unit multifamily rental housing project located in Manor, Texas and known as Tower Road Apartments (the “**Project**”).
- B. The Loan was evidenced by a promissory note (the “**Note**”) in the original principal amount of \$60,815,000 made by the Borrower in favor of the Governmental Lender. The Governmental Lender made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and the Indenture, including the terms and conditions thereof and hereof governing the disbursement of Loan proceeds and the investment earnings thereon.
- C. The Governmental Lender assigned its interest in the Loan Agreement and the Note (excluding certain Reserved Rights of the Governmental Lender) to the Trustee as part of the Trust Estate established under the Indenture to secure the Bonds. During the construction phase, the Bonds were cash-collateralized, and no mortgage lien with respect to the Project secured the Bonds or the Loan.
- D. Associated Bank, National Association, a national banking association, in its capacity as Mortgage Lender (the “**Mortgage Lender**”) agreed to provide a separate construction bridge loan (the “**Mortgage Loan**”) to the Borrower, the proceeds of which were used to finance a portion of the costs of the acquisition, construction and equipping of the Project. The Mortgage Lender administered the Mortgage Loan during the Construction Phase in accordance with the Mortgage Loan Documents.
- E. The Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise (“**Freddie Mac**”), entered into a forward commitment with JLL Real Estate Capital, LLC, a Delaware limited liability company (the “**Initial Funding Lender**”), dated October 1, 2024 (the “**Freddie Mac Commitment**”), whereby Freddie Mac committed, subject to the satisfaction on or before the Forward Commitment Maturity Date of the Conditions to Conversion set forth in the Construction Phase Financing Agreement and the Freddie Mac Commitment, to facilitate the financing of the Project in the Permanent Phase.
- F. The Conditions to Conversion were satisfied on or before the Forward Commitment Maturity Date, and on the Conversion Date, (i) the Bonds are subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of \$_____ principal amount of the Bonds is being paid with amounts on deposit under the Indenture, (iii) said principal amount of the Bonds is being cancelled such that the principal amount of Bonds remaining outstanding equals the Actual Project Loan Amount (as defined in the Construction Phase Financing Agreement), (iv) such remaining Bonds are being removed from the Book-Entry System, (v) such remaining Bonds are being converted to a Governmental Note (in the form

attached to this Funding Loan Agreement), executed and delivered by the Governmental Lender, which is being purchased by the Initial Funding Lender, (vi) this Funding Loan Agreement and the Project Loan Agreement dated as of the date hereof (the “**Project Loan Agreement**”) by and among the Governmental Lender, the Fiscal Agent and the Borrower are being delivered by the respective parties and becoming effective and shall supersede the Indenture and the Loan Agreement, respectively, (vii) the proceeds of the Initial Funding Lender Purchase Price, along with other funds of the Borrower, are being deposited into the Mortgage Loan Prepayment Fund under the Indenture, or with the Title Company at the direction of the Mortgage Lender and the Initial Funding Lender, (viii) the Mortgage Loan is being paid in full with amounts on deposit in the Mortgage Loan Prepayment Fund or with the Title Company, as applicable, pursuant to the Indenture and all security related to the Mortgage Loan is being released or assigned to the Initial Funding Lender, and (ix) the Borrower is executing an Amended and Restated Project Note (together with all riders and modifications thereto, the “**Project Note**”) to evidence its obligations under the Project Loan Agreement and a Multifamily Open-End Leasehold Mortgage, Assignment of Rents, Security Agreement and Fixture Financing Statement (the “**Security Instrument**”) with respect to the Project to secure its obligations under the Project Loan Agreement, which Project Note and Security Instrument will be held by the Fiscal Agent under this Funding Loan Agreement to secure the Governmental Note of the Governmental Lender.

- G. On the Conversion Date, the Borrower shall also enter into a Continuing Covenant Agreement with the Initial Funding Lender (the “**Continuing Covenant Agreement**”).
- H. Pursuant to the Freddie Mac Commitment, Freddie Mac has agreed to purchase the Funding Loan from the Initial Funding Lender upon the date of satisfaction of the conditions set forth in the Freddie Mac Commitment (the “**Freddie Mac Purchase Date**”). On the Freddie Mac Purchase Date, the Initial Funding Lender will assign to Freddie Mac all of its rights and interest in the Governmental Note, this Funding Loan Agreement, the Continuing Covenant Agreement and the other Financing Documents (as such terms are herein defined).
- I. On and after the Freddie Mac Purchase Date, Freddie Mac will act as Funding Lender Representative with respect to the Loans (in such capacity and any successor in such capacity, the “**Funding Lender Representative**”). The Initial Funding Lender will act as initial servicer for the Loans on behalf of the Funding Lender Representative (in such capacity, the “**Loan Servicer**”).
- J. Governmental Lender has determined that all things necessary to incur the Funding Loan and to make the Governmental Note, when executed by Governmental Lender and authenticated by Fiscal Agent and issued in accordance with this Funding Loan Agreement, the valid, binding and legal obligation of Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, Prepayment Premium, if any, and interest on, the Governmental Note, have been duly taken, and the creation, execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Note, subject to the terms of this Funding Loan Agreement, have been duly authorized by Governmental Lender.
- K. Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loan by Initial Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS; INTERPETATION; SCHEDULE AND EXHIBITS.

1.01 Definitions. The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms

used herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement and the Continuing Covenant Agreement.

“**Act**” is defined in the Recitals of this Funding Loan Agreement.

“**Additional Servicing Fee**” is defined in Section 2.09 hereof.

“**Administration Fund**” means the Administration Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“**Assignment**” means the Assignment of Security Instrument dated as of the date hereof by Governmental Lender assigning its interest in the Security Instrument to Fiscal Agent.

“**Authorized Officer**” means (a) when used with respect to Governmental Lender, the President or Secretary of Governmental Lender and such additional Person or Persons, if any, duly designated by Governmental Lender in writing to act on its behalf, (b) when used with respect to Borrower, any officer of the general partner of Borrower and such additional Person or Persons, if any, duly designated by Borrower in writing to act on its behalf, (c) when used with respect to Fiscal Agent, any authorized signatory of Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of Fiscal Agent, (d) when used with respect to Loan Servicer, any Person or Persons duly designated by Loan Servicer in writing to act on its behalf, and (e) when used with respect to Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of Funding Lender Representative.

“**Bankruptcy Code**” means the United States Bankruptcy Code, 11 U.S.C. Section 101 et seq., as amended from time to time.

“**Bond Counsel**” means (a) on the Original Closing Date, the law firm or law firms delivering the approving opinion(s) with respect to the Bonds, (b) on the Conversion Date, the law firm or law firms delivering the opinion(s) described in Section 2.10 hereof with respect to the execution and delivery of this Funding Loan Agreement and issuance of the Governmental Note, or (c) any other firm of attorneys selected by Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace and is acceptable to Funding Lender Representative.

“**Borrower**” means the entity identified as “Borrower” in the Recitals of this Funding Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

“**Business Day**” means any day other than a Saturday, a Sunday, or any other day on which Fiscal Agent, Funding Lender or the national banking associations are not open for business.

“**Certificate of Governmental Lender**” and “**Request of Governmental Lender**” mean, respectively, a written certificate or request signed in the name of Governmental Lender by an Authorized Officer of Governmental Lender or such other Person as may be designated and authorized to sign for Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“**Code**” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“**Continuing Covenant Agreement**” is defined in the Recitals of this Funding Loan Agreement.

“**Conversion Date**” means November 1, 2027, the date the Initial Funding Lender purchases the Funding Loan upon the satisfaction of the Conditions to Conversion, as such Conversion Date is specified by the

Initial Funding Lender in the Notice of Conversion, which date shall be at least ten (10) days following the date on which the Notice of Conversion is delivered.

“**Cure Amount**” is defined in Section 6.02 hereof.

“**Default Rate**” means the lower of (a) the Interest Rate otherwise in effect notwithstanding the default plus four percent (4%) per annum or (b) the Maximum Interest Rate.

“**Determination of Taxability**” means, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation or (e) receipt by Fiscal Agent or Funding Lender Representative, at the request of Governmental Lender, Borrower, Fiscal Agent or Funding Lender Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Governmental Note is includable in the gross income for federal income tax purposes of Funding Lender or any former Funding Lender other than a Funding Lender who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if Governmental Lender (at the sole expense of Borrower) or Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by Governmental Lender or Borrower, as the case may be, or (iii) one year from the date of initial determination.

“**Electronic Instruction and Notice**” means delivery of written instructions, directions and/or notice signed by an Authorized Officer in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 10.04 hereof (if any); provided, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 10.04 hereof.

“**Escrow Agent**” means the Title Company or, if applicable, a separate escrow company selected by Borrower and acceptable to Initial Funding Lender that will handle the collection and disbursement of funds in connection with the closing of the Loans and, if applicable, the acquisition of the Project.

“**Event of Default**” means the occurrence of any event listed in Section 6.01 hereof.

“**Extraordinary Services**” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried out by Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

“**Fair Market Value**” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or

(d) any commingled investment fund in which Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

“Financing Documents” means, collectively, this Funding Loan Agreement, the Governmental Note, the Tax Certificate, the Project Loan Documents and all other documents or instruments evidencing, securing or relating to the Loans.

“Fiscal Agent” means the entity identified as “Fiscal Agent” in the introductory paragraph of this Funding Loan Agreement, together with any successor Fiscal Agent(s) appointed hereunder.

“Fiscal Agent’s Extraordinary Fees and Expenses” means all those fees, expenses and reimbursements earned or incurred by Fiscal Agent as described in Section 7.05 hereof for Extraordinary Services, as set forth in a detailed invoice to Borrower, Loan Servicer and Funding Lender Representative.

“Fiscal Agent’s Ordinary Fees and Expenses” means (i) the Fiscal Agent’s one-time initial acceptance fee in the amount of \$2,000, which fee shall be payable on the Delivery Date; and (ii) the annual administration fee for the Fiscal Agent’s ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which fee is equal to (and shall not exceed) \$4,000, and shall be payable annually in advance on the Delivery Date and on each _____ 1 thereafter.

“Freddie Mac” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“Freddie Mac Commitment” is defined in the Recitals of this Funding Loan Agreement.

“Freddie Mac Purchase Date” is defined in the Recitals of this Funding Loan Agreement.

“Funding Lender” means any Person who is the holder of the Governmental Note.

“Funding Lender Representative” means Funding Lender or any Person designated by Funding Lender to act on behalf of Funding Lender as provided in Section 10.05, or an assignee of such Person as provided in Section 10.05. The initial Funding Lender Representative shall be Initial Funding Lender, and Freddie Mac shall become Funding Lender Representative upon the occurrence of the Freddie Mac Purchase Date.

“Funding Loan” is defined in the Recitals of this Funding Loan Agreement.

“Funding Loan Agreement” means this Funding Loan Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

“Funding Loan Amortization Schedule” means the Funding Loan Amortization Schedule attached as Schedule 1 to the Governmental Note.

“Funding Loan Payment Date” means (a) the first day of each calendar month, commencing December 1, 2027, (b) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, and (c) the Maturity Date.

“Government Obligations” means investments meeting the requirements of clause (a) or (b) of the definition of “Qualified Investments” herein.

“Governmental Lender” means the entity identified as “Governmental Lender” in the introductory paragraph of this Funding Loan Agreement.

“Governmental Note” is defined in the Recitals of this Funding Loan Agreement.

“Guide” means the *Freddie Mac Multifamily Seller/Servicer Guide*, as the same may be amended, modified or supplemented from time to time.

“Initial Funding Lender” means the entity identified as “Initial Funding Lender” in the introductory paragraph of this Funding Loan Agreement.

“Initial Note” means the initial Governmental Note registered by the Comptroller and subsequently canceled and replaced by a definitive Governmental Note pursuant to this Funding Loan Agreement.

“Interest Rate” means the interest rate of ___% per annum; provided during the continuance of any Event of Default hereunder, the Interest Rate shall be the Default Rate.

“Investment Income” means the earnings and profits derived from the investment of money pursuant to Section 4.07 hereof.

“Loan Payment Fund” means the Loan Payment Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“Loan Prepayment Fund” means the Loan Prepayment Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“Loan Servicer” means any entity appointed by Funding Lender Representative to service the Loans and any successor in such capacity as appointed by Funding Lender Representative pursuant to Section 3.02 of the Project Loan Agreement. Initially, Loan Servicer shall be the Initial Funding Lender.

“Loans” is defined in the Recitals of this Funding Loan Agreement.

“Maturity Date” means the maturity date of the Funding Loan set forth in Section 2.01(b) hereof.

“Maximum Interest Rate” means the rate of interest which results in the maximum amount of interest allowed by applicable law.

“Mortgage Lender” means the entity identified as “Mortgage Lender” in the Recitals of this Funding Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

“Net Proceeds” when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys’ fees.

“New Borrower” is defined in Section 6.12 hereof.

“New Project Loan” is defined in Section 6.12 hereof.

“Notes” means, together, the Project Note and the Governmental Note.

“Original Closing Date” means [October 25], 2024, the date of the issuance and delivery of the Bonds.

“Person” means any natural person, sole proprietorship, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any federal, state, county or municipal government (or any agency or political subdivision thereof), endowment fund or any other form of entity.

“Pledged Security” is defined in Section 2.02 hereof.

“Prepayment Premium” means any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to the amount payable by Borrower under Section 4(d) of the Project Note in connection with a prepayment of the Project Loan.

“Principal Office of Fiscal Agent” means the office of Fiscal Agent referenced in Section 10.04(a) hereof, or such other office or offices as Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

“Project” is defined in the Recitals of this Funding Loan Agreement.

“Project Loan” is defined in the Recitals of this Funding Loan Agreement.

“Project Loan Agreement” is defined in the Recitals of this Funding Loan Agreement.

“Project Loan Documents” means the Security Instrument, the Project Note, the Project Loan Agreement, the TEL Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“Project Note” is defined in the Recitals of this Funding Loan Agreement.

“Property Jurisdiction” means the State of Texas.

“Qualified Investments” means any of the following if and to the extent permitted by law:

- (a) Direct and general obligations of the United States of America.
- (b) Obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.
- (c) Senior debt obligations of Freddie Mac.
- (d) Senior debt obligations of the Federal National Mortgage Association (i.e., Fannie Mae).
- (e) Demand deposits or time deposits with, or certificates of deposit issued by, Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; provided that Fiscal Agent or such other institution has been rated at least “VMIG 1”/“A 1+” by one of the Rating Agencies which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.
- (f) Investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by one of the Rating Agencies to its outstanding long term unsecured debt which is the highest rating (as defined below) for long term unsecured debt obligations assigned by one of the Rating Agencies, and which are approved by Funding Lender Representative.
- (g) Shares or units in any money market mutual fund rated “Aaa” / “AAA” by one of the Rating Agencies (or if a new rating scale is implemented, the equivalent rating category

given by the Rating Agency for that general category of security) (including mutual funds of Fiscal Agent or its affiliates or for which Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (i) direct obligations of the government of the United States of America or (ii) tax-exempt obligations.

- (h) (i) Tax-exempt obligations rated in the highest short term rating category by one of the Rating Agencies, or
- (ii) Shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act, having assets of at least \$100,000,000, and having a rating of “Aaa” / “AAA” by one of the Rating Agencies (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund.
- (i) Any other investments approved in writing by Funding Lender Representative.

For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG 1” / “A 1+” for obligations with less than one year maturity; at least “Aaa” / “VMIG 1” / “AAA” / “A 1+” for obligations with a maturity of one year or greater but less than three years; and at least “Aaa” / “AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index. Ratings of Qualified Investments shall be determined only at the time of purchase of such Qualified Investments and without regard to ratings subcategories.

“**Qualified Transferee**” is defined in Section 2.08 hereof.

“**Rating Agencies**” means Fitch, Inc., Moody’s Investors Service, Inc., or S&P Global Ratings, or any successor entity of the foregoing, or any other nationally recognized statistical rating organization.

“**Rebatable Arbitrage**” is defined in Section 4.10 hereof.

“**Rebate Analyst**” means a certified public accountant, financial analyst or Bond Counsel, or any firm of the foregoing, or financial institution (which may include Fiscal Agent) experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by Borrower at the expense of Borrower, with the prior written consent of Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Project Loan Agreement.

“**Rebate Fund**” means the Rebate Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“**Rebate Year**” means each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificate. The first and last Rebate Years may be short periods. If no day is selected by Borrower before the earlier of the Maturity Date or the date that is five years after the Original Closing Date, each Rebate Year ends on each anniversary of the Original Closing Date and on the Maturity Date or date of earlier payment in full of the Governmental Note.

“**Resolution**” means the resolution adopted by Governmental Lender authorizing the Funding Loan, the Project Loan and the execution and delivery of the Financing Documents to which it is a party.

“Responsible Officer” means any officer of Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of Fiscal Agent and the trusts created hereunder.

“Revenue Fund” means the Revenue Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“Revenues” means (a) all payments made with respect to the Project Loan pursuant to the Project Loan Agreement, the Project Note or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and (b) all money and securities held by Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Administration Fund and the Rebate Fund), together with all investment earnings thereon.

“Security Instrument” is defined in the Recitals of this Funding Loan Agreement.

“Securities Act” means the Securities Act of 1933, as amended.

“Servicing Fee” is defined in the Project Loan Agreement.

“Settlement Statement” means the settlement statement prepared by the Escrow Agent and executed by Borrower setting forth the various funds to be collected and disbursed by the Escrow Agent on the Conversion Date.

“Sponsor” means the City of Manor, and its successors and assigns, if such successor and assign continues to perform the services of a regional housing authority.

“Stub Payment Amount” means an amount equal to the sum of (a) the interest payable on the Funding Loan and (b) the ongoing fees and expenses payable with respect to the Project Loan (as provided in Section 4.02 of the Project Loan Agreement), in each case for the period commencing on the Conversion Date to but not including the first day of the calendar month immediately succeeding the Conversion Date.

“Subordination Agreement” means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing related to the Project, as the same may be amended, supplemented or restated.

“Tax Certificate” means, collectively, the Tax Exemption Agreement and the Project Certificate.

“Tax Exemption Agreement” means the Tax Exemption Certificate and Agreement dated the Delivery Date, between the Governmental Lender and the Borrower, as amended or supplemented from time to time.

“TEL Regulatory Agreement” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of October 1, 2024 among Governmental Lender, Fiscal Agent, and Borrower.

“Title Company” means Commercial Partners Title, a division of Chicago Title Insurance Co., the title company insuring the lien of the Security Instrument and issuing the lender's title insurance policy in favor of Governmental Lender and Fiscal Agent.

“Transferee Representations Letter” is defined in Section 2.08 hereof.

“Treasury Regulations” is defined in Section 5.07 hereof.

“Unassigned Rights” means all of the rights of Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights.

“Uniform Commercial Code” means the Uniform Commercial Code as promulgated in the applicable jurisdiction.

“Window Period” means the three (3) consecutive month period prior to the Maturity Date.

1.02 Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

1.03 Schedules and Exhibits

Schedules and Exhibits	
Schedule I	List of Funding Loan Agreement Sections
Exhibit A	Form of Governmental Note
Exhibit B	Notice of Appointment of Funding Lender Representative
Exhibit C	Transferee Representations Letter

ARTICLE II THE FUNDING LOAN.

2.01 Terms.

- (a) Subject to Section 2.10 hereof, the Funding Loan shall be originated and funded by Initial Funding Lender to Governmental Lender on the Conversion Date in the original principal amount of \$60,815,000. The Funding Loan shall be evidenced by the Governmental Note and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Note and this Funding Loan Agreement.
- (b) Reserved.
- (c) Reserved.
- (d) The Funding Loan shall bear interest payable on each Funding Loan Payment Date at the Interest Rate and shall mature on the Maturity Date, subject to scheduled monthly principal payments as provided in Section 2.01(e) below and optional and mandatory prepayment prior to maturity as provided in Article III hereof. Interest on the Funding Loan shall be computed on the basis of a 360-day year and the actual number of days elapsed.
- (e) The unpaid principal balance of the Funding Loan shall be paid on the dates and in the amounts set forth on the Funding Loan Amortization Schedule attached as Schedule 1 to the

Governmental Note. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

- (f) Payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by Funding Lender (unless otherwise directed by Funding Lender).
- (g) Subject to Section 2.12 hereof, on or before the date fixed for payment, money shall be deposited with Fiscal Agent to pay, and Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loan, together with accrued interest thereon to the date of payment.
- (h) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto. In the event that such court determines Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, Funding Lender shall apply, in its sole discretion, and set off such excess interest received by Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the maximum rate permitted by such law.

2.02 Pledged Security. To secure the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan according to its tenor and effect, and the performance and observance by Governmental Lender of all the covenants expressed or implied herein and in the Governmental Note, and the payment and performance of all amounts and obligations under the Continuing Covenant Agreement, Governmental Lender does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto Fiscal Agent, and its successors in such capacity and its and their assigns in and to the following (said property being herein referred to as the “**Pledged Security**”) for the benefit of Funding Lender:

- (a) All right, title and interest of Governmental Lender in and to all Revenues.
- (b) All right, title and interest of Governmental Lender in and to the Project Loan Agreement, the Project Note, the Security Instrument and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance proceeds or condemnation awards, payments, settlements or other compensation to be paid in connection therewith), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Governmental Lender or any other Person is or may become entitled to do under said documents.
- (c) Except for funds, money or securities in the Administration Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Funding Loan by Governmental Lender or by anyone on its behalf or with its written consent to Fiscal Agent, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The foregoing notwithstanding, if Governmental Lender or its successors or assigns shall pay or cause to be paid to Funding Lender in full the principal, interest and Prepayment Premium, if any, to become due with respect to the Funding Loan at the times and in the manner provided in Article IX hereof, and if Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all

of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of Governmental Lender, cease, terminate and be void, and thereupon Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09 and 4.10 hereof and Article IX hereof, reconvey to Governmental Lender the estate hereby conveyed, and assign and deliver to Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by Fiscal Agent for the payment of interest on and principal of the Governmental Note; otherwise this Funding Loan Agreement is to be and shall remain in full force and effect.

- 2.03 Limited Obligations.** Notwithstanding any other provision of this Funding Loan Agreement to the contrary, the Governmental Lender shall be obligated to pay the principal of, premium, if any, and interest on, the governmental note solely out of the Pledged Security. The Governmental Note shall be a special limited obligation of the Governmental Lender payable solely from the Pledged Security. The Governmental Note shall constitute a valid claim of the respective note owners thereof against the security, which is pledged to secure the payment of the principal of, premium, if any, and interest on the Governmental Note and which shall be utilized for no other purpose, except as expressly authorized in this Funding Loan Agreement. The Governmental Note shall never constitute an indebtedness or general obligation of the Governmental Lender, the State of Texas, The Sponsor, the Sponsoring Political Subdivisions, or any other political subdivision of the State of Texas, within the meaning of any constitutional provision or statutory limitation whatsoever. Neither the faith and credit nor the taxing power of the State of Texas, the Sponsor, the Sponsoring Political Subdivisions, or any other political subdivision of the State of Texas is pledged to the payment of the principal of the Governmental Note or the interest or any premium thereon or other costs incident thereto. Neither the members of the Board of Directors of the Governmental Lender nor any person executing Governmental Note shall be liable personally on the Governmental Note by reason of the issuance thereof.
- 2.04 Funding Loan Agreement Constitutes Contract.** In consideration of the origination and funding of the Funding Loan by Initial Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of Governmental Lender with Initial Funding Lender and any successors or assigns thereof in such capacity from time to time.
- 2.05 Form and Execution.** The Governmental Note shall be in substantially the form attached as Exhibit A. The Governmental Note shall be executed on behalf of Governmental Lender by the manual or facsimile signature of the Authorized Officer of Governmental Lender, and attested by the manual or facsimile signature of the Authorized Officer of Governmental Lender, sealed with an impression or a facsimile of the seal of Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Note. Any reproduction of the official seal of Governmental Lender on the Governmental Note shall have the same force and effect as if the official seal of Governmental Lender had been impressed on the Governmental Note. Except for the Initial Note, which shall be numbered I-1, the Governmental Note shall be numbered consecutively from R-1 upwards.

The Initial Note, registered by the Comptroller, shall be identical to the form of Governmental Note attached as Exhibit A, except that in the Initial Note the following paragraph shall replace the second-to-last paragraph of the form of Governmental Note and read as follows:

“This Note shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Funding Loan Agreement unless the Comptroller’s Registration Certificate hereon has been executed by an authorized representative of the Texas Comptroller of Public Accounts.”

In lieu of the authentication certificate of the Fiscal Agent, the Initial Note shall contain the following certificate:

**“Registration Certificate of
Comptroller of Public Accounts**

Office of the Comptroller of §
Public Accounts § Register No. _____
the State of Texas §

I hereby certify that this Governmental Note has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Texas Comptroller of Public Accounts

(Seal)”

The provisions of *Exhibit A* may be rearranged or re-ordered for purposes of the Initial Note.

2.06 Authentication. The Governmental Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Note, substantially in the form set forth in Exhibit A, shall have been duly executed by an Authorized Officer of Fiscal Agent; and such executed certificate of authentication upon the Governmental Note shall be conclusive evidence that the Governmental Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

2.07 Mutilated, Lost, Stolen or Destroyed Governmental Note. In the event the Governmental Note is mutilated, lost, stolen or destroyed, Governmental Lender shall execute and Fiscal Agent shall authenticate a new Governmental Note substantially in the form set forth in Exhibit A in exchange and substitution for and upon cancellation of the mutilated Governmental Note or in lieu of and in substitution for such lost, stolen or destroyed Governmental Note, upon payment by Funding Lender of any applicable tax or governmental charge and the reasonable expenses and charges of Governmental Lender and Fiscal Agent in connection therewith, and in the case where the Governmental Note is lost, stolen or destroyed, the filing with Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing Governmental Lender and Fiscal Agent with indemnity satisfactory to each of them. In the event where the Governmental Note shall have matured, instead of delivering a new Governmental Note, Governmental Lender may pay the same without surrender thereof.

2.08 Registration; Transfer of Funding Loan; Transferee Representations Letter.

- (a) The Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Funding Loan shall be transferable only on the registration books of Fiscal Agent. Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Funding Loan and any transfers of the Funding Loan as provided herein. The Funding Loan shall initially be registered to Initial Funding Lender, and upon the Freddie Mac Purchase Date, shall be registered to Freddie Mac.
- (b) Funding Lender shall have the right to sell, assign or otherwise transfer in whole its interest in the Funding Loan or to grant a participation interest in the Funding Loan in a percentage of not less than twenty-five percent (25%) of the outstanding principal amount of the Funding Loan; provided that the Funding Loan may be transferred, or any participation interest therein granted, only to an

“accredited investor” as that term is defined in Rule 501 of Regulation D under the Securities Act or a “qualified institutional buyer” as that term is defined under Rule 144A of the Securities Act (such “accredited investor” or “qualified institutional buyer” a “**Qualified Transferee**”) that delivers a letter to Fiscal Agent substantially in the form attached hereto as Exhibit C setting forth certain representations with respect to such Qualified Transferee (the “**Transferee Representations Letter**”). Notwithstanding the preceding sentence, no Transferee Representations Letter shall be required for Funding Lender to:

- (i) Transfer the Funding Loan to any affiliate or other party related to Funding Lender that is a Qualified Transferee.
- (ii) Sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (A) owners or beneficial owners thereof that are Qualified Transferees or (B) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least “A” or better.

In connection with any sale, assignment or transfer of the Funding Loan, Funding Lender shall give notice of such sale, assignment or transfer to Fiscal Agent and Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Funding Loan. It shall not be necessary to present, exchange, or re-authenticate the Governmental Note in connection with any sale, assignment or transfer of the Funding Loan, provided that Funding Lender shall provide Fiscal Agent with the name and date of registration, address, and employer identification number of the assignee or transferee, so that Fiscal Agent may maintain the registration records, together with any information necessary to allow Fiscal Agent to comply with any applicable tax reporting obligations.

2.09 Securitization; Allocation of Funding Loan Interest. In accordance with the provisions of Section 2.08 hereof, Funding Lender may transfer the Funding Loan to a Qualified Transferee in connection with the securitization of the Funding Loan, in which event Funding Lender Representative may direct Fiscal Agent to make all future payments with respect to the Funding Loan to the appointed master servicer for that securitization (or an account designated by such master servicer), and Fiscal Agent shall accept such direction from Funding Lender Representative. In the event that Funding Lender transfers the Funding Loan to a Qualified Transferee in accordance with the provisions of Section 2.08 hereof, Funding Lender Representative may also give notice to Fiscal Agent that Funding Lender has agreed to allow Loan Servicer to retain a portion of the monthly interest payable on the Funding Loan as additional compensation for the servicing of the Funding Loan (an “**Additional Servicing Fee**”), which Additional Servicing Fee will equal no more than an annual 2 basis points with respect to the unpaid principal balance of the Governmental Note, in which event Fiscal Agent shall accept and pay to Funding Lender such lesser amount of interest received from Loan Servicer and shall consider such payment to be in full compliance with the terms of the Governmental Note, the Project Note and all other Financing Documents with regard to the interest owed on the Funding Loan.

2.10 Additional Conditions to Conversion; Delivery of Governmental Note. In addition to the Conditions to Conversion set forth in the Freddie Mac Commitment and the Construction Phase Financing Agreement, Conversion shall be conditioned upon, and Governmental Lender shall only execute and deliver to Fiscal Agent, and Fiscal Agent shall only authenticate the Governmental Note and deliver the Governmental Note to Initial Funding Lender upon, receipt by Fiscal Agent of all of the following:

- (a) Executed counterparts of this Funding Loan Agreement, the Project Loan Agreement, the TEL Regulatory Agreement and the Tax Certificate.
- (b) An opinion of Bond Counsel or counsel to Governmental Lender to the effect that Governmental Lender is duly organized and existing under the laws of the Property Jurisdiction and has duly authorized, executed and delivered this Funding Loan Agreement, the Governmental Note and

the other Financing Documents to which it is a party, and such documents are valid and binding special, limited obligations of Governmental Lender enforceable in accordance with their terms subject to customary exceptions.

- (c) [The proceeds of the Funding Loan from the original funding thereof by Initial Funding Lender.][Confirmation by Escrow Agent of receipt of the proceeds of the Funding Loan from the original funding thereof by Initial Funding Lender.]
- (d) The executed Project Note and an endorsement of the Project Note by Governmental Lender in favor of Fiscal Agent.
- (e) A copy of the executed Security Instrument, the Assignment and the Continuing Covenant Agreement.
- (f) An opinion of counsel to Borrower to the effect that Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and in good standing under the laws of each other state in which Borrower transacts business and has full power and authority to enter into the Financing Documents to which it is a party, that its execution and delivery of and performance of its covenants in such documents do not contravene law or any provision of any other documents to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by Borrower, and are legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.
- (g) An opinion of Bond Counsel that the effect that the amendment and restatement of the Bonds and the Indenture as the Governmental Note and the Funding Loan Agreement, under laws in effect on the date of such opinion, will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or the Governmental Note or the exemption of such interest from State income taxes.
- (h) An opinion of Bond Counsel to the effect that the Governmental Note is exempt from registration under the Securities Act, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.
- (i) A certified copy of the Resolution.
- (j) The written request and authorization to Fiscal Agent by Governmental Lender to authenticate and deliver the Governmental Note to Initial Funding Lender upon funding to [Fiscal Agent][Escrow Agent] of the full amount of the Funding Loan.
- (k) Amounts specified in Section 2.11 of this Funding Loan Agreement and Section 3.03 of the Project Loan Agreement or, if and as applicable, confirmation by Escrow Agent of receipt such amounts and any other funds to be received in accordance with the Settlement Statement.
- (l) A Transferee Representations Letter from Initial Funding Lender.
- (m) Confirmation that all conditions stated in Section 3.01 of the Project Loan Agreement have been satisfied.

2.11 Reserved.

2.12 Direct Loan Payments to Funding Lender; Loan Servicer Disbursement of Fees.

- (a) Notwithstanding any provision in this Funding Loan Agreement to the contrary, during any period that a Loan Servicer is engaged with respect to the Loans, Governmental Lender and Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the

Funding Loan and all fees due hereunder and under the Project Loan Agreement shall be paid by Borrower to Loan Servicer. Loan Servicer shall remit all payments collected from Borrower of principal of, Prepayment Premium, if any, and interest on the Funding Loan, together with other amounts due to Funding Lender, directly to Funding Lender (without payment through Fiscal Agent) per the instructions of Funding Lender Representative. Loan Servicer shall be entitled to retain its Servicing Fee collected from Borrower and shall remit the Governmental Lender Fee to Governmental Lender and shall remit the Fiscal Agent's Ordinary Fees and Expenses to Fiscal Agent, together with any other amounts due to Governmental Lender and Fiscal Agent collected by Loan Servicer from Borrower, in each case in accordance with their respective instructions. Any payment made in accordance with the provisions of this Section 2.12 shall be accompanied by sufficient information to identify the source and proper application of such payment. Loan Servicer shall promptly notify Fiscal Agent, Funding Lender Representative and Governmental Lender in writing of any failure of Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan when due or to pay any fees due hereunder or under the Project Loan Agreement, and Fiscal Agent and Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing.

- (b) If the Governmental Note is sold or transferred as provided in Section 2.08, Funding Lender Representative shall notify Fiscal Agent and Borrower in writing of the name and address of the transferee.
- (c) So long as payments of principal of, Prepayment Premium, if any, and interest on the Governmental Note and all fees due hereunder and under the Project Loan Agreement are being made to Loan Servicer in accordance with this Section 2.12 and no Event of Default has occurred of which Fiscal Agent has been given, or been deemed to have, notice thereof pursuant to this Funding Loan Agreement, Fiscal Agent shall have no obligations to collect loan payments with respect to the Funding Loan, nor shall it be obligated to collect loan payments or fee payments pursuant to the Project Loan Agreement, except at the express written direction of Funding Lender Representative. Notwithstanding the foregoing, Funding Lender Representative may elect to have Fiscal Agent collect and remit loan payments and fee payments hereunder and under the Project Loan Agreement upon written notice of such election to Fiscal Agent, Borrower and Governmental Lender.

2.13 Reserved.

ARTICLE III PREPAYMENT OF THE FUNDING LOAN.

3.01 Prepayment of the Funding Loan Prior to Maturity.

- (a) Optional Prepayment. The Funding Loan, together with accrued interest thereon and any Prepayment Premium, is subject to optional prepayment in whole upon optional prepayment of the Project Loan in accordance with the notice and other prepayment provisions set forth in the Project Note.
- (b) Mandatory Prepayment. The Funding Loan, together with accrued interest thereon and any Prepayment Premium, is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date upon the occurrence of any of the following:
 - (i) In whole or in part, upon the occurrence of a mandatory prepayment of the Project Loan pursuant to Section 4(b) of the Project Note and receipt by Fiscal Agent of a written direction by Funding Lender Representative that the Funding Loan shall be subject to mandatory prepayment as a result thereof.
 - (ii) Reserved.

3.02 Notice of Prepayment. Notice of the intended prepayment of the Funding Loan shall be given by Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, to Funding Lender. All such prepayment notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional prepayment) nor more than sixty (60) days prior to the date fixed for prepayment. Notices of prepayment shall state all of the following:

- (a) The prepayment date.
- (b) The prepayment amount.
- (c) The place or places where amounts due upon such prepayment will be payable.

Notice of such prepayment shall also be sent by first class mail, postage prepaid, or by overnight delivery service, to Loan Servicer, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; provided, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of the Funding Loan.

Notwithstanding the foregoing, in the event Fiscal Agent is not collecting and remitting loan payments hereunder, Fiscal Agent shall have no obligation to send prepayment notices pursuant to this Section 3.02.

ARTICLE IV REVENUES AND FUNDS.

4.01 Pledge of Revenues and Assets; Establishment of Funds. The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loan and delivery of the Governmental Note by Fiscal Agent or by any Person authorized by Fiscal Agent to deliver the Governmental Note. The Pledged Security so pledged and then or thereafter received by Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

The Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund;
- (b) Loan Payment Fund;
- (c) Loan Prepayment Fund;
- (d) Administration Fund; and
- (f) Rebate Fund.

The funds and accounts established pursuant to Section 2.11 and this Section 4.01 shall be maintained in the corporate trust department of Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by Fiscal Agent. Fiscal Agent shall, at the written direction of an Authorized Officer of Governmental Lender, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as Governmental Lender or Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of

the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

4.02 Reserved.

4.03 Application of Revenues.

(a) All Revenues received by Fiscal Agent shall be deposited by Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except for each of the following:

- (i) Reserved.
- (ii) Deposits into the Loan Prepayment Fund as required under subsection (c) of this Section 4.03.
- (iii) Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable.
- (iv) Amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) Subject to Section 2.12 hereof, on each Funding Loan Payment Date or any other date on which payment of principal or interest on the Funding Loan becomes due and payable, Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST, to the Loan Payment Fund, an amount equal to the principal of and interest due on the Funding Loan on such date (including scheduled principal pursuant to the Funding Loan Amortization Schedule); and

SECOND, to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b) hereof (other than any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, Fiscal Agent shall deposit each of the following directly into the Loan Prepayment Fund:

- (i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof.
- (ii) Funds paid to Fiscal Agent to be applied to the optional prepayment of all of the Funding Loan pursuant to Section 3.01(a).
- (iii) Reserved.

(d) Subject to Section 2.12 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Funding Loan Payment Date, Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (i) the Revenue Fund; and (ii) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

- 4.04 Application of Loan Payment Fund.** Subject to Section 2.12 hereof, Fiscal Agent shall charge the Loan Payment Fund, on each Funding Loan Payment Date, an amount equal to the unpaid interest and principal due on the Funding Loan on such Funding Loan Payment Date as provided in Section 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and principal when due. Any money remaining in the Loan Payment Fund on any Funding Loan Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loan if called for prepayment on such Funding Loan Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose. Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by Fiscal Agent upon receipt thereof in the Revenue Fund. No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.
- 4.05 Application of Loan Prepayment Fund.** Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; provided, however, that to the extent any money credited to the Loan Prepayment Fund is in excess of the amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Funding Loan Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; provided that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund. On or before each Funding Loan Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by Fiscal Agent to the Revenue Fund. No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.
- 4.06 Administration Fund.** Subject to Section 2.12 hereof, Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from Loan Servicer (or Borrower if no Loan Servicer exists for the Loans) designated for deposit into such fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by Fiscal Agent and used:
- FIRST**, to pay to Fiscal Agent when due the Fiscal Agent's Ordinary Fees and Expenses;
- SECOND**, to pay to Governmental Lender when due the Governmental Lender Fee;
- THIRD**, to pay when due the reasonable fees and expenses of a Rebate Analyst in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from Rebate Analyst;
- FOURTH**, to pay to Fiscal Agent any Fiscal Agent's Extraordinary Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to Borrower and Loan Servicer;
- FIFTH**, to pay to Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to Fiscal Agent and Loan Servicer;
- SIXTH**, to pay to Funding Lender Representative any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by Funding Lender Representative to Fiscal Agent;
- SEVENTH**, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and
- EIGHTH**, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, Fiscal Agent shall give notice to Borrower and Loan Servicer of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to Fiscal Agent of the amount of such deficiency. Upon payment by Borrower or Loan Servicer of such deficiency, the amounts for which such deficiency was requested shall be paid by Fiscal Agent. On or before each Funding Loan Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by Fiscal Agent to the Revenue Fund. No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

4.07 Investment of Funds. The money held by Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by Fiscal Agent, at the written direction of Borrower (or, in the case of the Rebate Fund, as provided in Section 5.07(b)), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (a) six (6) months from the date of investment and (b) the date such money is needed; provided, that if Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. Such investments may be made through the investment or securities department of Fiscal Agent. Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized and, in such capacity, Fiscal Agent or such affiliate may charge its ordinary and customary fees for such trades, including account maintenance fees, which fees, for purposes of this Funding Loan Agreement, shall be treated as Fiscal Agent's Extraordinary Fees and Expenses. Fiscal Agent shall be entitled to assume, absent receipt by Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter. In no event shall Fiscal Agent be required to provide supervision, recommendations, or advice with respect to any investment. In the absence of written direction from Borrower, Fiscal Agent shall hold amounts on deposit in the funds and accounts established under this Funding Loan Agreement uninvested.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the current market price obtainable (but not less than par) whenever it shall be necessary to do so in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

Governmental Lender acknowledges that to the extent that regulations of the Office of the Comptroller of the Currency or other applicable regulatory agency grant Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, Governmental Lender specifically waives compliance with 12 C.F.R. 12 and hereby notifies Fiscal Agent hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

4.08 Accounting Records. Fiscal Agent shall maintain accurate books and records for all funds and accounts established hereunder.

- 4.09 Amounts Remaining in Funds.** After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of Governmental Lender, Fiscal Agent, Rebate Analyst, Funding Lender and Loan Servicer and other amounts required to be paid hereunder or under any of the Project Loan Documents, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to Fiscal Agent by Governmental Lender with respect to amounts due to Governmental Lender and by Funding Lender Representative or Loan Servicer on its behalf with respect to amounts owed under the Continuing Covenant Agreement and by Rebate Analyst with respect to amounts due to Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to Borrower.
- 4.10 Rebate Fund; Compliance with Tax Certificate.** The Rebate Fund shall be established by Fiscal Agent and held and applied as provided in this Section 4.10. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by Fiscal Agent in trust, to the extent required to satisfy the rebate requirement (as set forth in the Tax Certificate) and as calculated by Rebate Analyst, for payment to the government of the United States of America, and neither Governmental Lender, Borrower nor Funding Lender shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.10 and by the Tax Certificate. Fiscal Agent shall conclusively be deemed to have complied with such provisions if it follows the written instructions of Governmental Lender, Bond Counsel or Rebate Analyst, including supplying all necessary information in the manner set forth in the Tax Certificate, and shall not be required to take any actions under the Tax Certificate in the absence of written instructions from Governmental Lender, Bond Counsel or Rebate Analyst.

Within 55 days of the end of each fifth Rebate Year, Borrower shall cause Rebate Analyst to calculate the amount of rebatable arbitrage, in accordance with Section 148(f)(2) of the Code and Section 1.148-3 of the Treasury Regulations (taking into account any exceptions with respect to the computation of the rebatable arbitrage, described, if applicable, in the Tax Certificate (e.g., the temporary investments exceptions of Section 148(f)(4)(B) and (C) of the Code)), for this purpose treating the last day of the applicable Rebate Year as a (computation) date, within the meaning of Section 1.148-1(b) of the Treasury Regulations (the “**Rebatable Arbitrage**”). Pursuant to Section 2.04 of the Project Loan Agreement, Borrower shall cause Rebate Analyst to provide such calculations to Fiscal Agent and Governmental Lender. In the event that Borrower fails to provide such information to Fiscal Agent and Governmental Lender within 55 days of the end of each fifth Rebate Year, Fiscal Agent, at the expense of Borrower, shall select Rebate Analyst, with the prior written approval of Governmental Lender, and shall cause Rebate Analyst to calculate the amount of rebatable arbitrage as required herein.

Within 55 days of the end of each fifth Rebate Year, upon the written direction of Governmental Lender, Bond Counsel or Rebate Analyst, an amount shall be deposited to the Rebate Fund by Fiscal Agent from amounts provided by Borrower, if and to the extent required so that the balance in the Rebate Fund shall equal the amount of Rebatable Arbitrage so calculated in accordance with the preceding paragraph.

Fiscal Agent shall pay, as directed by Governmental Lender, Bond Counsel or Rebate Analyst, to the United States Department of the Treasury, out of amounts in the Rebate Fund:

- (a) Not later than 60 days after the end of (i) the fifth Rebate Year and (ii) each applicable fifth Rebate Year thereafter, an amount equal to at least 90% of the Rebatable Arbitrage calculated as of the end of such Rebate Year; and
- (b) Not later than 60 days after the payment in whole of the Funding Loan, an amount equal to 100% of the Rebatable Arbitrage calculated as of the end of such applicable Rebate Year, and any income attributable to the Rebatable Arbitrage, computed in accordance with Section 148(f) of the Code.

Each payment required to be made under this Section 4.10 shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 (or such other address provided in such direction), on or before the date on which such payment is due and shall be accompanied by Internal Revenue Service Form 8038 T, which shall be prepared by Rebate Analyst and provided to Fiscal Agent.

Notwithstanding any provision of this Funding Loan Agreement to the contrary, the obligation to remit payment of the Rebateable Arbitrage to the United States of America and to comply with all other requirements of Sections 2.04 and 4.03 of the Project Loan Agreement and this Section 4.10, and the requirements of the Tax Certificate shall survive the defeasance or payment in full of the Funding Loan.

Any funds remaining in the Rebate Fund after payment in full of the Funding Loan and payment and satisfaction of any rebate requirement, or provision made therefor satisfactory to Fiscal Agent, shall be withdrawn and remitted to Borrower.

Fiscal Agent shall obtain and keep such records of the computations made pursuant to this Section 4.10 as are required under Section 148(f) of the Code to the extent furnished to Fiscal Agent. Borrower shall or shall cause Rebate Analyst to provide to Governmental Lender and Fiscal Agent copies of all rebate computations made pursuant to this Section 4.10. Fiscal Agent shall keep and make available to Borrower such records concerning the investments of the gross proceeds of the Funding Loan and the investments of earnings from those investments made by Fiscal Agent as may be requested by Borrower in order to enable Borrower to cause Rebate Analyst to make the aforesaid computations as are required under Section 148(f) of the Code.

Notwithstanding the foregoing, the computations and payments of Rebateable Arbitrage need not be made to the extent that neither Governmental Lender nor Borrower will thereby fail to comply with any requirements of Section 148(f) of the Code based on an opinion of Bond Counsel, to the effect that such failure will not adversely affect the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes, a copy of which shall be provided to Fiscal Agent and Funding Lender Representative, at the expense of Borrower.

4.11 Reserved.

4.12 Reports from Fiscal Agent. Fiscal Agent shall, on or before the fifteenth (15th) day of each month, file with Funding Lender Representative, Loan Servicer, Governmental Lender (at its written request) and Borrower a statement setting forth in respect of the preceding calendar month all of the following:

- (a) The amount withdrawn or transferred by it, and the amount deposited within or on account of each fund and account held by it under the provisions of this Funding Loan Agreement, including the amount of investment income on each fund and account.
- (b) The amount on deposit with it at the end of such month to the credit of each fund and account.
- (c) A brief description of all obligations held by it as an investment of money in each such fund and account.
- (d) Any other information which Funding Lender Representative or Governmental Lender may reasonably request and to which Fiscal Agent has access in the ordinary course of its operations.

Upon the written request of Funding Lender, Fiscal Agent, at the cost of Borrower, shall provide a copy of such statement to Funding Lender. All records and files pertaining to the Pledged Security shall be open at all reasonable times to the inspection of Governmental Lender and Funding Lender Representative or Loan Servicer and their agents and representatives upon reasonable prior notice during normal business hours.

ARTICLE V GENERAL COVENANTS AND REPRESENTATIONS.

- 5.01 Payment of Principal and Interest.** Governmental Lender covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan at the place, on the dates and in the manner provided herein and in the Governmental Note, according to the true intent and meaning thereof.
- 5.02 Performance of Covenants.** Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Note and in all proceedings pertaining thereto.
- 5.03 Instruments of Further Assurance.** Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of Governmental Lender or Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence shall be deemed to modify or change the obligations of Governmental Lender under this Section 5.03. Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.
- Governmental Lender will promptly notify Fiscal Agent, Funding Lender Representative and Loan Servicer in writing of the occurrence of any of the following:
- (a) The submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against Governmental Lender with respect to the Loans.
 - (b) Any change in the location of Governmental Lender's principal office or any change in the location of Governmental Lender's books and records relating to the transactions contemplated hereby.
 - (c) The occurrence of any default or Event of Default of which Governmental Lender has actual knowledge.
 - (d) The commencement of any proceedings or any proceedings instituted by or against Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes.
 - (e) The commencement of any proceedings by or against Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for Governmental Lender or any of its assets relating to the Loans.
- 5.04 Inspection of Project Books.** Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as Fiscal Agent or Funding Lender Representative may from time to time reasonably designate.

5.05 No Modification of Security; Additional Indebtedness. Governmental Lender covenants to and for the benefit of Funding Lender that it will not, without the prior written consent of Funding Lender Representative, take any of the following actions:

- (a) Alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which Governmental Lender is a party, or which has been assigned to Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or
- (b) Create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

5.06 Damage, Destruction or Condemnation. Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Continuing Covenant Agreement and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

5.07 Tax Covenants.

- (a) Governmental Lender's Covenants. Governmental Lender covenants to and for the benefit of Funding Lender that it will:
 - (i) Neither make or use nor cause to be made or used any investment or other use of the proceeds of the Funding Loan or the money and investments held in the funds and accounts in any manner which would cause the Governmental Note to be an "arbitrage bond" under Section 148 of the Code and the regulations issued under Section 148 of the Code (the "**Treasury Regulations**") or which would otherwise cause the interest payable on the Governmental Note to be includable in the gross income of the holders thereof for federal income tax purposes;
 - (ii) Enforce or cause to be enforced all obligations of Borrower under the TEL Regulatory Agreement in accordance with its terms and seek to cause Borrower to correct any violation of the TEL Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;
 - (iii) Not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Governmental Note to be includable in the gross income of the holders thereof for federal income tax purposes;
 - (iv) At all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by Governmental Lender on the Funding Loan will be excluded from the gross income (other than interest on the Governmental Note for a period during which time the Governmental Note is held by a "substantial user" of any facility financed with the proceeds of the Governmental Note or a "related person" as such terms are defined in Section 147(a), or any successor provision of the Code and applicable Regulations or any successor law or regulation) of the holders thereof for federal income tax purposes pursuant to the Code, except in the event where Funding Lender is a "substantial user" of the facilities financed with the Loans or a "related person" within the meaning of the Code; and
 - (v) Not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Governmental Note to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the regulations issued under Section 149 of the Code.

In furtherance of the covenants in this Section 5.07, Governmental Lender and Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference

incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full. By its acceptance of this Funding Loan Agreement Fiscal Agent acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable.

- (b) Fiscal Agent's Covenants. Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with the covenants and terms of this Funding Loan Agreement and the Tax Certificate. This covenant shall extend through the term of the Funding Loan to all funds and accounts created under this Funding Loan Agreement and all money on deposit to the credit of any such fund or account. Fiscal Agent covenants to and for the benefit of Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other Financing Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Governmental Note to be classified as an "arbitrage bond" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Governmental Note to be includable in the gross income of the holders thereof for federal income tax purposes; provided that Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of Borrower, Governmental Lender, Funding Lender Representative, Bond Counsel or Rebate Analyst. This covenant shall extend, throughout the term of the Funding Loan, to all funds created under this Funding Loan Agreement and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Funding Loan Agreement, Fiscal Agent obligates itself to comply throughout the term of the Funding Loan with the requirements of Sections 103(b) and 148 of the Code; provided that Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it reasonably follows the written directions of Borrower, Governmental Lender, Bond Counsel or Rebate Analyst. Fiscal Agent further covenants that should Governmental Lender or Borrower file with Fiscal Agent (it being understood that neither Governmental Lender nor Borrower has an obligation to so file), or should Fiscal Agent receive, an opinion of Bond Counsel to the effect that any proposed investment or other use of proceeds of the Funding Loan would cause the Governmental Note to become an "arbitrage bond," then Fiscal Agent will comply with any written instructions of Governmental Lender, Borrower, Funding Lender Representative or Bond Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Governmental Note from becoming an "arbitrage bond," and Fiscal Agent will bear no liability to Governmental Lender, Borrower, Funding Lender or Funding Lender Representative for investments made in accordance with such instructions.

5.08 Representations and Warranties of Governmental Lender. Governmental Lender hereby represents and warrants as follows:

- (a) Governmental Lender is a public, nonprofit housing finance corporation duly organized, validly existing and in good standing under the laws of the Property Jurisdiction.
- (b) Governmental Lender has all necessary power and authority to issue the Governmental Note and to execute and deliver this Funding Loan Agreement, the Project Loan Agreement and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.
- (c) The revenues and assets pledged for the repayment of the Funding Loan are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of Governmental Lender to that end has been duly and validly taken.
- (d) The Financing Documents to which Governmental Lender is a party have been validly authorized, executed and delivered by Governmental Lender, and assuming due authorization, execution and

delivery by the other parties thereto, constitute valid and binding obligations of Governmental Lender, enforceable against Governmental Lender in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

ARTICLE VI DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT AND FUNDING LENDER.

6.01 Events of Default. The occurrence of any one or more of the following will constitute an Event of Default with respect to the Funding Loan under this Funding Loan Agreement:

- (a) Failure to pay the principal of, Prepayment Premium, if any, or interest on the Funding Loan when due, whether on a Funding Loan Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise.
- (b) Failure to observe the covenants set forth in Section 5.05 hereof.
- (c) Failure to observe or perform any of the covenants, agreements or conditions on the part of Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Note and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to Governmental Lender from Fiscal Agent or Funding Lender Representative specifying such default and requiring the same to be remedied; provided that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and Governmental Lender commences the required cure within such thirty (30) day period and continues the cure with diligence and Governmental Lender reasonably anticipates that the default could be cured within sixty (60) days, Governmental Lender shall have sixty (60) days following receipt of such notice to effect the cure.
- (d) Receipt by Fiscal Agent of written notice from Funding Lender Representative of the occurrence of an "Event of Default" under the Project Loan Agreement or the Continuing Covenant Agreement.

Fiscal Agent will promptly notify Governmental Lender, Loan Servicer and Funding Lender Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

6.02 Acceleration; Other Remedies Upon Event of Default. Upon the occurrence of an Event of Default, Fiscal Agent shall, upon the written request of Funding Lender Representative, by notice in writing delivered to Governmental Lender and Borrower, declare the principal of the Funding Loan and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, Fiscal Agent may, but only if directed in writing by Funding Lender Representative, by written notice to Governmental Lender, Borrower and Fiscal Agent, rescind and annul such declaration and its consequences if Governmental Lender or Borrower shall pay to or deposit with Fiscal Agent a sum sufficient to pay all principal on the Funding Loan then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loan then due, with interest at the rate borne by the Funding Loan on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and all of Fiscal Agent's Extraordinary Fees and Expenses incurred to date shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the "**Cure Amount**") shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in

writing by Funding Lender Representative; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of Funding Lender, may also proceed to protect and enforce any rights of Fiscal Agent and, to the full extent that Funding Lender itself might do, the rights of Funding Lender under the laws of the Property Jurisdiction or under this Funding Loan Agreement by such of the following remedies as Fiscal Agent shall deem most effectual to protect and enforce such rights; provided that, Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of Funding Lender Representative (which consent may be given in the sole discretion of Funding Lender Representative):

- (a) By mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, Prepayment Premium, if any, or interest on the Funding Loan and to require Governmental Lender to carry out any covenants or agreements with or for the benefit of Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the TEL Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof.
- (b) By pursuing any available remedies under the Project Loan Agreement, the TEL Regulatory Agreement or any other Financing Document.
- (c) By realizing or causing to be realized through sale or otherwise upon the Pledged Security.
- (d) By action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of Fiscal Agent in order to have the claim of Funding Lender against Governmental Lender allowed in any bankruptcy or other proceeding.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to Fiscal Agent or to Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to Fiscal Agent or Funding Lender hereunder or under the Project Loan Agreement, the TEL Regulatory Agreement, the Continuing Covenant Agreement or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by Fiscal Agent or Funding Lender, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

6.03 Funding Lender Representative Control of Proceedings. Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Funding Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of Fiscal Agent or Governmental Lender (and in connection therewith Fiscal Agent shall transfer or assign to Funding Lender Representative all of its interest in the Pledged Security at the request of Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of Funding Lender Representative.

6.04 Waiver by Governmental Lender. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement. Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisal and prepayment to which it may be entitled under the laws of the Property Jurisdiction and the United States of America.

6.05 Application of Money After Default. All money collected by Fiscal Agent at any time pursuant to this Article VI shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Note shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

- (a) For payment of all amounts due to Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all of Fiscal Agent's Extraordinary Fees and Expenses incurred in exercising any remedies under this Funding Loan Agreement.
- (b) To the extent directed in writing by Funding Lender Representative, to the reimbursement of any unreimbursed advances made by or on behalf of Funding Lender pursuant to the Continuing Covenant Agreement or the Security Instrument.
- (c) Unless the full principal amount of the Funding Loan shall have become or have been declared due and payable:

FIRST, to Funding Lender, all installments of interest then due on the Funding Loan in the order of the maturity of such installments; and

SECOND, to Funding Lender, unpaid principal of and Prepayment Premium, if any, on the Funding Loan which shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable.
- (d) If the full principal amount of the Governmental Note shall have become or have been declared due and payable, to Funding Lender for the payment of the principal of, Prepayment Premium, if any, and interest then due and unpaid on the Funding Loan without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

6.06 Remedies Not Exclusive. No right or remedy conferred upon or reserved to Fiscal Agent, Funding Lender or Funding Lender Representative by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to Fiscal Agent, Funding Lender or Funding Lender Representative under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

6.07 Fiscal Agent May Enforce Rights Without Governmental Note. All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by Fiscal Agent at the written direction of Funding Lender Representative without the possession of the Governmental Note or the production thereof in any trial or other proceedings relating

thereto. Subject to the rights of Funding Lender Representative to direct proceedings hereunder, any such suit or proceeding instituted by Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of Funding Lender.

- 6.08 Termination of Proceedings.** In case Fiscal Agent (at the direction of Funding Lender Representative) or Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower and Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of Fiscal Agent and Funding Lender Representative shall continue as if no such proceedings had been taken.
- 6.09 Waivers of Events of Default.** Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Funding Loan upon the written direction of Funding Lender Representative. In case of any such waiver or rescission, or in case any proceeding taken by Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case Governmental Lender, Fiscal Agent, Borrower, Loan Servicer, Funding Lender Representative and Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.
- 6.10 Interest on Unpaid Amounts and Default Rate for Nonpayment.** In the event that principal of or interest payable on the Funding Loan is not paid when due, there shall be payable on the amount not timely paid, on each Funding Loan Payment Date, interest at the Default Rate, to the extent permitted by law. Interest on the Funding Loan shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.
- 6.11 Assignment of Project Loan; Remedies Under the Project Loan.**
- (a) Funding Lender Representative shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing Fiscal Agent to effect an acceleration of the Funding Loan, to instruct Fiscal Agent in writing to assign the Project Note, the Security Instrument and the other Project Loan Documents to Funding Lender Representative, in which event Fiscal Agent shall do all of the following:
- (i) Endorse and deliver the Project Note to Funding Lender Representative and assign (in recordable form) the Security Instrument.
 - (ii) Execute and deliver to Funding Lender Representative all documents prepared by Funding Lender Representative necessary to assign (in recordable form) all other Project Loan Documents to Funding Lender Representative.
 - (iii) Execute all such documents prepared by Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (i) and (ii).
- (b) Fiscal Agent's assignments to Funding Lender Representative pursuant to this Section 6.11 shall be without recourse or warranty except that Fiscal Agent shall represent and warrant in connection therewith:
- (i) That Fiscal Agent has not previously endorsed or assigned any such documents or instruments and

- (ii) That Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized.
- (c) Funding Lender Representative shall have the right, in its own name or on behalf of Governmental Lender or Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Note or the Security Instrument, whether or not the Governmental Note has been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment.

6.12 Substitution. Upon receipt of written notice from Funding Lender Representative and the approval of Governmental Lender as and to the extent permitted under the TEL Regulatory Agreement, Fiscal Agent shall exchange the Project Note and the Security Instrument for a new Project Note and Security Instrument, evidencing and securing a new loan (the “**New Project Loan**”), which may be executed by a Person other than Borrower (the “**New Borrower**”), provided that if Fiscal Agent, Funding Lender or a nominee of Fiscal Agent or Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a document substantially in the form of the TEL Regulatory Agreement (or executed and recorded an assumption of all of Borrower’s obligations under the TEL Regulatory Agreement) and that the Project Loan Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) an opinion of Bond Counsel to the effect that such exchange and modification, in and of itself, will not adversely affect the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.

ARTICLE VII CONCERNING FISCAL AGENT.

7.01 Standard of Care. Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement and no implied covenants or obligations should be read into this Funding Loan Agreement against Fiscal Agent. Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person’s own affairs. For the avoidance of doubt, the permissive right of Fiscal Agent to do things enumerated in this Funding Loan Agreement or the Project Loan Agreement shall not be construed as a duty.

No provision of this Funding Loan Agreement shall be construed to relieve Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

- (a) Prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:
 - (i) The duties and obligations of Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and
 - (ii) In the absence of bad faith on the part of Fiscal Agent, Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to Fiscal Agent by the Person or Persons authorized to furnish the same.
- (b) At all times, regardless of whether or not any such Event of Default shall exist:

- (i) Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of Fiscal Agent except for willful misconduct or negligence by the officer or employee of Fiscal Agent as the case may be; and
- (ii) Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of Funding Lender Representative relating to the time, method and place of conducting any proceeding for any remedy available to Fiscal Agent, or exercising any trust or power conferred upon Fiscal Agent under this Funding Loan Agreement.

When Fiscal Agent incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

7.02 Reliance Upon Documents. Except as otherwise provided in Section 7.01 hereof:

- (a) Fiscal Agent may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper party or parties, including any Electronic Instruction and Notice as permitted hereunder or under the Project Loan Agreement.
- (b) Any notice, request, direction, election, order or demand of Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of Governmental Lender by an Authorized Officer of Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of Governmental Lender may be evidenced to Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of Governmental Lender.
- (c) Any notice, request, certificate, statement, requisition, direction, election, order or demand of Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of Borrower by any Authorized Officer of Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of Borrower may be evidenced to Fiscal Agent by a copy of such resolution duly certified by a secretary or other authorized representative of Borrower.
- (d) Any notice, request, certificate, statement, requisition, direction, election, order or demand of Loan Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of Loan Servicer by an Authorized Officer of Loan Servicer (unless other evidence in respect thereof be herein specifically prescribed).
- (e) Any notice, request, direction, election, order or demand of Funding Lender Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of Funding Lender Representative by any Authorized Officer of Funding Lender Representative (unless other evidence in respect thereof be herein specifically prescribed).
- (f) In the administration of the trusts of this Funding Loan Agreement:
 - (i) Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, custodians, nominees, receivers or attorneys appointed with due care, and
 - (ii) Fiscal Agent may consult with counsel (who may be counsel for Governmental Lender, Loan Servicer or Funding Lender Representative) concerning all matters of trusts hereof

and duties hereunder, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel.

- (g) Whenever in the administration of the trusts of this Funding Loan Agreement, Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of Governmental Lender or Borrower and such certificate shall in the absence of bad faith on the part of Fiscal Agent be full warrant to Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable.
- (h) The recitals herein and in the Governmental Note (except Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon Fiscal Agent. Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of Governmental Lender or Borrower to the Pledged Security, or as to the security of this Funding Loan Agreement, or of the Governmental Note issued hereunder, and Fiscal Agent shall incur no liability or responsibility in respect of any of such matters.
- (i) Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security except for its own willful misconduct or negligence, and every provision of this Funding Loan Agreement relating to the conduct or affecting the liability of or affording protection to Fiscal Agent shall be subject to the provisions of this Section 7.02(i).
- (j) Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with Fiscal Agent hereunder, except Events of Default that are evident under Section 6.01(a) hereof. Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) hereof to the extent they are collecting loan payments hereunder) unless Fiscal Agent shall receive from Governmental Lender or Funding Lender Representative written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice Fiscal Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(j).
- (k) Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by Funding Lender.
- (l) Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of Funding Lender Representative pursuant to Section 6.03 hereof, unless Funding Lender Representative shall have offered to Fiscal Agent security or indemnity satisfactory to Fiscal Agent against the costs,

expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Funding Loan Agreement shall require Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the TEL Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Note and no responsibility for compliance with any state or federal securities laws in connection with the Governmental Note. In acting or omitting to act pursuant to the Project Loan Agreement, the TEL Regulatory Agreement or any other documents executed in connection herewith, Fiscal Agent shall be entitled to all of the rights, immunities and indemnities accorded to it under this Funding Loan Agreement, including, but not limited to, this Article VII.

Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

Any resolution, certification, notice, request, direction, election, order or demand delivered to Fiscal Agent pursuant to this Section 7.02 shall remain in effect until Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.15 hereof.

Notwithstanding anything contained herein or in the Security Instrument to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject Fiscal Agent to liability under any environmental law, statute, regulation or similar requirement relating to the environment, Fiscal Agent may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. Fiscal Agent shall not be required to take any action to foreclose or otherwise enforce the Security Instrument unless indemnified to its satisfaction and will not be required to foreclose if doing so will subject it to environmental liability or will require the approval of a governmental regulator that cannot be obtained.

- 7.03 Use of Proceeds.** Fiscal Agent shall not be accountable for the use or application of the Governmental Note authenticated or delivered hereunder or of the proceeds of the Funding Loan or any other moneys paid over by Fiscal Agent in accordance with the provisions of this Funding Loan Agreement except as provided herein.
- 7.04 Trust Imposed.** All money received by Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.
- 7.05 Compensation of Fiscal Agent.** Fiscal Agent shall be entitled to its Fiscal Agent's Ordinary Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. Fiscal Agent shall be entitled to Fiscal Agent's Extraordinary Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; provided Fiscal Agent shall not perform any Extraordinary Services or incur any Fiscal Agent's Extraordinary Fees and Expenses without the consent of Funding Lender Representative. If any property, other than cash, shall at any time be held by Fiscal

Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to Fiscal Agent for its services and reimbursement to Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.09 and 6.05 hereof. Governmental Lender shall have no liability for Fiscal Agent's fees, costs or expenses. Subject to the provisions of Section 7.08 hereof, Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that Borrower fails to pay the Fiscal Agent's Ordinary Fees and Expenses or, if applicable, the Fiscal Agent's Extraordinary Fees and Expenses as required by the Project Loan Agreement.

Borrower shall indemnify and hold harmless Fiscal Agent and its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants and servants, past, present or future, from and against all of the following:

- (a) Any and all claims by or on behalf of any Person arising from any cause whatsoever in connection with this Funding Loan Agreement or transactions contemplated hereby, the Project, or the delivery of the Governmental Note or the Loans; but only to the extent caused by an act or omission of the Borrower or any of its agents, contractors, employees or licensees.
- (b) Any and all claims arising from any act or omission of Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Project, or the delivery of the Governmental Note or the Loans.
- (c) All costs, counsel fees, expenses or liabilities incurred in connection with any such claim or proceeding brought thereon; except that Borrower shall not be required to indemnify any Person for damages caused by the gross negligence, willful misconduct or unlawful acts of such Person or which arise from events occurring after Borrower ceases to own the Project.

In the event that any action or proceeding is brought or claim made against Fiscal Agent, or any of its officers, directors, officials, employees, agents, receivers, attorneys, accountants, advisors, consultants or servants, with respect to which indemnity may be sought hereunder, Borrower, upon written notice thereof from the indemnified party, shall assume the investigation and defense thereof, including the employment of counsel and the payment of all expenses (except for matters attributable to the negligence or willful misconduct of such Person). The indemnified party shall have the right to approve a settlement to which it is a party and to employ separate counsel in any such action or proceedings and to participate in the investigation and defense thereof, and Borrower shall pay the reasonable fees and expenses of such separate counsel. The provisions of this Section 7.05 shall survive the termination of this Funding Loan Agreement.

7.06 Qualifications of Fiscal Agent. There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Fiscal Agent shall have a combined capital and surplus of at least \$50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.10 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.06, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.06 and another association or corporation is

eligible, Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.08 hereof.

- 7.07 Merger of Fiscal Agent.** Any association or corporation into which Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of Fiscal Agent in the Loans.
- 7.08 Resignation by Fiscal Agent.** Fiscal Agent may at any time resign from the trusts hereby created by giving written notice to Governmental Lender, Borrower, Loan Servicer and Funding Lender Representative. Such notice to Governmental Lender, Borrower, Loan Servicer and Funding Lender Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of Fiscal Agent hereunder; provided, however, that after giving notice of resignation, Fiscal Agent may petition any court of competent jurisdiction for appointment of a temporary Fiscal Agent until a successor Fiscal Agent is appointed. The rights of Fiscal Agent to indemnity, compensation and reimbursement of fees and expenses shall survive Fiscal Agent's resignation as set forth herein and in Section 6.01(d) of the Project Loan Agreement.
- 7.09 Removal of Fiscal Agent.** Fiscal Agent may be removed at any time, either with or without cause, with the consent of Funding Lender Representative (which consent of Funding Lender Representative shall not be unreasonably withheld), by a written instrument signed by Governmental Lender and delivered to Fiscal Agent, Loan Servicer and Borrower. Fiscal Agent may also be removed by a written instrument signed by Funding Lender Representative and delivered to Fiscal Agent, Loan Servicer, Governmental Lender and Borrower. In each case written notice of such removal shall be given to Loan Servicer, Borrower and to Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but Fiscal Agent shall not be discharged from the trusts hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of Fiscal Agent hereunder. The rights of Fiscal Agent to indemnity, compensation and reimbursement of fees and expenses shall survive Fiscal Agent's removal as set forth herein and in Section 6.01(d) of the Project Loan Agreement.
- 7.10 Appointment of Successor Fiscal Agent.**
- (a) In case at any time Fiscal Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and Governmental Lender, with the written consent of Funding Lender Representative, shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of Governmental Lender. If Governmental Lender fails to appoint a successor Fiscal Agent within ten (10) days following receipt of notice of the resignation or removal of Fiscal Agent pursuant to Section 7.08 or Section 7.09 hereunder, as applicable, Funding Lender Representative may appoint a successor Fiscal Agent.
 - (b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.10 within sixty (60) days following delivery of all required notices

of resignation given pursuant to Section 7.08 hereof or of removal of Fiscal Agent pursuant to Section 7.09 hereof, the retiring Fiscal Agent may apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.

- 7.11 Concerning Any Successor Fiscal Agent.** Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of Governmental Lender, Borrower or Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article VII, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within thirty (30) days of such appointment, to Funding Lender.
- 7.12 Successor Fiscal Agent.** In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which shall have resigned or shall have been removed shall cease to be Fiscal Agent with respect to the Governmental Note, and the successor Fiscal Agent shall become such Fiscal Agent.
- 7.13 Appointment of Co-Fiscal Agent or Separate Fiscal Agent.** It is the intent of Governmental Lender and Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the Property Jurisdiction) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that Fiscal Agent, with the consent of Governmental Lender, Borrower and Funding Lender Representative, appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.13. Such co-fiscal agent or separate fiscal agent shall deliver

an instrument in writing acknowledging and accepting its appointment hereunder to Governmental Lender, Borrower and Fiscal Agent.

Should any instrument in writing from Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Governmental Lender, Fiscal Agent and Borrower. If Governmental Lender shall fail to deliver the same within thirty (30) days of such request, Fiscal Agent is hereby appointed attorney-in-fact for Governmental Lender to execute, acknowledge and deliver such instruments in Governmental Lender's name and stead. In case any co-fiscal agent or separate fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (a) The Governmental Note shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by Fiscal Agent.
- (b) All rights, powers, trusts, duties and obligations conferred or imposed upon Fiscal Agent shall be conferred or imposed upon or exercised or performed by Fiscal Agent, or by Fiscal Agent and such co-fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co-fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent.
- (c) Any request in writing by Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent.
- (d) Any co-fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.
- (e) Fiscal Agent at any time by an instrument in writing with the concurrence of Governmental Lender and Borrower evidenced by a certified resolution may accept the resignation of or remove any co-fiscal agent or separate fiscal agent appointed under this Section 7.13 and in case an Event of Default shall have occurred and be continuing, Fiscal Agent shall have power to accept the resignation of or remove any such co-fiscal agent or separate fiscal agent without the concurrence of Governmental Lender, and upon the request of Fiscal Agent, Governmental Lender shall join with Fiscal Agent in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.13.
- (f) No Fiscal Agent or co-fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder.
- (g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by Funding Lender Representative and delivered to Fiscal Agent shall be deemed to have been delivered to each such co-fiscal agent or separate fiscal agent.

- (h) Any money, papers, securities or other items of personal property received by any such co-fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to Fiscal Agent.

The total compensation of Fiscal Agent and any co-fiscal agent or separate fiscal agent shall be as, and may not exceed the amount, provided in Section 7.05 hereof.

- 7.14 Notice of Certain Events.** Fiscal Agent shall give written notice to Governmental Lender, Loan Servicer and Funding Lender Representative of any failure by Borrower to comply with the terms of the TEL Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.
- 7.15 Filing of Financing Statements.** Fiscal Agent shall, at the expense of Borrower, file or record or cause to be filed or recorded all continuation statements for financing statements that have been delivered to Fiscal Agent on which Fiscal Agent is named as a secured party or additional secured party for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Conversion Date in connection with the security for the Funding Loan pursuant to the authority of the Uniform Commercial Code. Upon the filing of any such continuation statement Fiscal Agent shall immediately notify Governmental Lender, Borrower, Funding Lender Representative and Loan Servicer that the same has been done. If direction is given by Loan Servicer or Funding Lender Representative, Fiscal Agent shall file all continuation statements in accordance with such directions.

Notwithstanding anything to the contrary contained herein, Fiscal Agent shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code and unless Fiscal Agent shall have been notified by Funding Lender that any such initial filing or description of collateral was or has become defective, Fiscal Agent shall be fully protected in relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section 7.15 and in filing any continuation statements in the same filing offices as the initial filings were made.

- 7.16 USA Patriot Act Requirements of Fiscal Agent.** To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each Person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, Fiscal Agent may request documentation to verify such Person's formation and existence as a legal entity. Fiscal Agent may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII AMENDMENTS OF CERTAIN DOCUMENTS.

- 8.01 Amendments to Funding Loan Agreement.** Any of the terms of this Funding Loan Agreement and the Governmental Note may be amended or waived only by an instrument signed by Fiscal Agent and Governmental Lender, and with the prior written consent of Funding Lender Representative.
- 8.02 Amendments to Financing Documents Require Consent of Funding Lender Representative.** Neither Governmental Lender nor Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of Funding Lender Representative. Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by Funding Lender Representative.

8.03 Opinion of Bond Counsel Required. No amendment to this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Project Note, the Security Instrument or the TEL Regulatory Agreement shall become effective unless and until all of the following have occurred:

- (a) Funding Lender Representative shall have consented to the same in writing in its sole discretion.
- (b) Funding Lender Representative, Governmental Lender and Fiscal Agent shall have received, at the expense of Borrower:
 - (i) An opinion of Bond Counsel to the effect that such amendment, change or modification will not, in and of itself, cause interest on the Governmental Note to be includable in the gross income of the holders thereof for federal income tax purposes, and
 - (ii) An opinion of counsel acceptable to Funding Lender Representative to the effect that any such proposed such amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.
- (c) If the Borrower is not in default under the Financing Documents and such amendment would change the essential economic terms of the Project Loan or impose upon Borrower greater liability under the Financing Documents, the Borrower has consented thereto.

ARTICLE IX SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT.

9.01 Discharge of Lien.

- (a) These presents and the estates and rights hereby granted shall cease, determine and be void if Governmental Lender shall:
 - (i) Pay or cause to be paid to Funding Lender the principal, interest and Prepayment Premium, if any, to become due with respect to the Funding Loan at the times and in the manner stipulated herein and in the Governmental Note, in any one or more of the following ways:
 - (A) By the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loan,
 - (B) Prior to the Window Period, by the deposit to the account of Fiscal Agent, in trust, of money or securities in the necessary amount to pay the principal, Prepayment Premium and interest to the Maturity Date, or
 - (C) By the delivery of the Governmental Note by Funding Lender to Fiscal Agent for cancellation; and
 - (ii) Have paid all amounts due and owing under the other Financing Documents;
 - (iii) Have paid all fees and expenses of and any other amounts due to Fiscal Agent, Loan Servicer and Rebate Analyst; and
 - (iv) Keep, perform and observe all and singular the covenants and promises in the Governmental Note and in this Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part.

- (b) Upon satisfaction of each of the requirements of Section 9.01(a), Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to Governmental Lender the estate hereby conveyed, and assign and deliver to Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by Fiscal Agent for the payment of principal of, interest and Prepayment Premium, if any, on the Governmental Note, and the payment of any amounts owed to the United States of America pursuant to Section 4.10 hereof.
- (c) Prior to the Window Period and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in Section 9.01(a) based on a deposit of moneys or securities with Fiscal Agent pursuant to Section 9.01(a)(i)(B) if, under circumstances which do not cause interest on the Governmental Note to become includable in the gross income of the holders thereof for federal income tax purposes, each of the following conditions shall have been fulfilled:
- (i) There shall be on deposit with Fiscal Agent either money or noncallable and nonprepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by Funding Lender Representative) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan up to and on the Maturity Date.
 - (ii) Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to Fiscal Agent and Funding Lender Representative as to the adequacy of the amounts or securities so deposited to fully pay the Funding Loan.
 - (iii) Fiscal Agent and Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if Borrower, any general partner, member or guarantor of Borrower, or Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code:
 - (A) Payment of such money to Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code and
 - (B) The automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan.
 - (iv) Fiscal Agent and Funding Lender Representative shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loan is in accordance with the provisions of this Funding Loan Agreement and that such defeasance will not adversely affect the exclusion of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.
 - (v) Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to Funding Lender and Loan Servicer under the Financing Documents have been fully paid.

9.02 Discharge of Liability on Funding Loan. Upon the deposit with Fiscal Agent, in trust, on or before the Maturity Date, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to the Maturity Date or the prepayment date of the Funding Loan) provided that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as provided in Article III or provision satisfactory to Fiscal Agent

shall have been made for the giving of such notice, all liability of Governmental Lender in respect of the Funding Loan shall cease, terminate and be completely discharged, except only that thereafter Funding Lender shall be entitled to payment by Governmental Lender, and Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

- 9.03 Payment of Funding Loan After Discharge of Funding Loan Agreement.** Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the Property Jurisdiction, any money deposited with Fiscal Agent or any paying agent in trust for the payment of the principal of, interest or Prepayment Premium on the Governmental Note remaining unclaimed for [_____] years after the maturity or earlier payment date: to the extent permitted by applicable law, shall be paid to the Governmental Lender, whereupon all liability of Governmental Lender and Fiscal Agent with respect to such money shall cease, and Funding Lender shall thereafter look solely to Borrower for payment of any amounts then due. All money held by Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

ARTICLE X MISCELLANEOUS

- 10.01 Servicing of the Loans.** Funding Lender Representative may appoint a Loan Servicer (which may be Funding Lender Representative if Funding Lender Representative elects to service the Loans) to service the Loans as provided in Section 3.02 of the Project Loan Agreement.

- 10.02 Limitation of Rights.** With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Note is intended or shall be construed to give to any Person other than the Parties hereto, Funding Lender, Funding Lender Representative, Loan Servicer and Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

10.03 Construction of Conflicts; Severability.

- (a) Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by Borrower or any other arrangements agreed to by Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan, the interest on which is excluded from the gross income of the holders thereof for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.
- (b) The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

10.04 Notices.

- (a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

Notice Addresses	
If to Governmental Lender:	Manor Housing Public Facility Corporation 105 E Eggleston Street Manor, Texas 78653 Attention: City Manager Email: smooore@manortx.gov Telephone: (512) 215-8290
If to Fiscal Agent:	BOKF, NA 777 Main Street, Suite 3500 Fort Worth, Texas 76102 Attention: Rosalyn Davis
If to Borrower:	Manor Leased Housing Associates I, Limited Partnership c/o Dominion Development & Acquisition, LLC 2905 Northwest Boulevard, Suite 150 Plymouth, Minnesota 55441 Attention: Neal Route <i>With a copy to (which copy shall not constitute notice to Borrower):</i> Winthrop & Weinstine, P.A. 225 South Sixth Street, Suite 3500 Minneapolis, Minnesota 55402 Attention: Paul Manda
If to Initial Funding Lender or Loan Servicer:	JLL Real Estate Capital, LLC 2177 Youngman Avenue, Suite 100 St. Paul, MN 55116 Attention: Loan Servicing
If to Funding Lender Representative (as of the Freddie Mac Purchase Date):	Federal Home Loan Mortgage Corporation 8100 Jones Branch Drive McLean, Virginia 22102 Attention: Multifamily Operations - Loan Accounting Email: mfla@freddiemac.com Telephone: (703) 714-4177

	<p><i>With a copy to (which copy shall not constitute notice to Funding Lender Representative):</i></p> <p>Federal Home Loan Mortgage Corporation 8200 Jones Branch Drive McLean, Virginia 22102 Attention: Managing Associate General Counsel - Multifamily Legal Division Email: guy_nelson@freddiemac.com Telephone: (703) 903-2000</p>
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A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and by any party to Funding Lender Representative to Loan Servicer.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice pursuant to this Funding Loan Agreement.

- (b) Fiscal Agent shall provide to Funding Lender Representative and Loan Servicer (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative and Loan Servicer for any such information or other communication.

10.05 Funding Lender Representative.

- (a) Initial Funding Lender is the initial Funding Lender Representative with respect to the Governmental Note. Upon the Freddie Mac Purchase Date, Freddie Mac shall be Funding Lender Representative. Funding Lender Representative shall be entitled to all the rights and privileges of Funding Lender hereunder and under the other Financing Documents.
- (b) Funding Lender Representative may provide written notice to Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of Funding Lender Representative, and such notice may be amended or rescinded by Funding Lender Representative at any time by subsequent written notice. Funding Lender Representative may be removed and a successor appointed by a written notice in the form of Exhibit B hereto given by Funding Lender to Fiscal Agent, Governmental Lender, Loan Servicer and Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by Fiscal Agent. Funding Lender may appoint any Person to act as Funding Lender Representative, including, without limitation, Loan Servicer. If, for any reason, a Funding Lender Representative resigns by written notice provided to Fiscal Agent, Funding Lender, Governmental Lender, Loan Servicer and Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to Funding Lender until a successor Funding Lender Representative is appointed by Funding Lender.
- (c) Whenever pursuant to this Funding Loan Agreement or any other Financing Document, Funding Lender Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of Funding Lender Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of Funding Lender Representative, except as otherwise specifically indicated.
- (d) Each Funding Lender, by their purchase or other acquisition of the Funding Loan, shall be deemed to have acknowledged and agreed to the provisions of this Funding Loan Agreement and the other Financing Documents with respect to Funding Lender Representative and the rights and

privileges thereof, including but not limited to the right to control all remedies in respect of the Governmental Note and the Loans.

- 10.06 Payments Due on Non-Business Days.** In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.
- 10.07 Counterparts.** This Funding Loan 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. The exchange of copies of this Funding Loan Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument as to the parties hereto and may be used in lieu of the original instrument for all purposes. Signature pages of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.
- 10.08 Laws Governing This Funding Loan Agreement.** The effect and meaning of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the Property Jurisdiction without regard to conflicts of laws principles.
- 10.09 No Recourse.** No recourse under or upon any obligation, covenant or agreement contained in this Funding Loan Agreement or in the Governmental Note shall be had against any member, officer, commissioner, director or employee (past, present or future) of Governmental Lender, either directly or through Governmental Lender or its governing body or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, or otherwise, of any sum that may be due and unpaid by Governmental Lender or its governing body upon the Governmental Note. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, to respond by reason of any act of omission on his/her part or otherwise, for the payment for or to Funding Lender or otherwise of any sum that may remain due and unpaid with respect to the Funding Loan hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the delivery of the Governmental Note.
- 10.10 Successors and Assigns.** All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

GOVERNMENTAL LENDER:

Manor Housing Public Facility Corporation

By: _____
President

Attest:

Secretary

SIGNATURES CONTINUE ON FOLLOWING PAGE

FISCAL AGENT:

BOKF, NA, a national banking association

By: _____
Name:
Title:

SIGNATURES CONTINUE ON FOLLOWING PAGE

INITIAL FUNDING LENDER:

JLL REAL ESTATE CAPITAL, LLC, a Delaware limited liability company

By: _____
Name:
Title:

Schedule I

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Exhibit A

Form of Governmental Note

**Manor Housing Public Facility Corporation
Multifamily Housing Revenue Note
(Tower Road Apartments),
Series 2024**

US \$ _____, 202_

FOR VALUE RECEIVED, the undersigned, the Manor Housing Public Facility Corporation (the “**Obligor**”), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of JLL REAL ESTATE CAPITAL, LLC, a Delaware limited liability company (the “**Funding Lender**”), and its assigns, the principal sum of [AMOUNT OF FUNDING LOAN] (US \$ _____), plus Prepayment Premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Housing Revenue Note (this “**Governmental Note**”) is being delivered pursuant to that certain Funding Loan Agreement dated as of _____, 202_ (together with any and all amendments, modifications, supplements and restatements, the “**Funding Loan Agreement**”), among Funding Lender, the Obligor and BOKF, NA, a national banking association (the “**Fiscal Agent**”), pursuant to which the Obligor has incurred a loan in the original principal amount of \$ _____ (the “**Funding Loan**”), and this Governmental Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Obligor is using the proceeds of the Funding Loan to make a loan to Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “**Borrower**”) pursuant to the Project Loan Agreement dated as of _____, 202_ (the “**Project Loan Agreement**”), among the Obligor, Borrower, and Fiscal Agent.

1. **Defined Terms.** As used in this Governmental Note, (i) the term “**Funding Lender**” means the holder of this Governmental Note, and (ii) the term “**Indebtedness**” means the principal of, Prepayment Premium, if any, and interest on or any other amounts due at any time under this Governmental Note or the Funding Loan Agreement. “**Event of Default**” and other capitalized terms used but not defined in this Governmental Note shall have the meanings given to such term in the Funding Loan Agreement.
2. **Payments of Principal and Interest.** The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing _____, 2024, interest on this Governmental Note at the rate of _____% per annum (or such higher rate of interest borne by the Funding Loan upon any default) (the “**Interest Rate**”) on the outstanding principal balance of this Governmental Note, and shall also pay interest on this Governmental Note at the Interest Rate on the date of any optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Governmental Note subject to prepayment. Interest on this Governmental Note shall be computed on the basis of a 360-day year and the actual number of days elapsed.

The Obligor shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Governmental Note in full on _____, 202_ (the “**Maturity Date**”) and in monthly installments on each date set forth on the Funding Loan Amortization Schedule attached as Schedule 1 hereto in an amount equal to the corresponding amounts set forth thereon, or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

3. **Manner of Payment.** All payments under this Governmental Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.
4. **Application of Payments.** If at any time Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Funding Lender, in Funding Lender's discretion. Neither Funding Lender's acceptance of a payment in an amount that is less than all amounts then due and payable nor Funding Lender's application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.
5. **Security.** The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.
6. **Acceleration.** If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Governmental Note shall at once become due and payable, at the option of Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Obligor (unless required by applicable law). Funding Lender may exercise this option to accelerate regardless of any prior forbearance.
7. **Prepayment; Prepayment Premium.** This Governmental Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.
8. **Forbearance.** Any forbearance by Funding Lender in exercising any right or remedy under this Governmental Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Funding Lender of any security for the obligations under this Governmental Note shall not constitute an election by Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to Funding Lender.
9. **Waivers.** Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Obligor and all endorsers and guarantors of this Governmental Note and all other third-party obligors.
10. **Loan Charges.** Neither this Governmental Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law (the "**Maximum Interest Rate**"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor in connection with the Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Obligor is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Governmental Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Obligor has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Governmental Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such

a manner that the rate of interest so computed is uniform throughout the stated term of this Governmental Note.

11. **Governing Law.** This Governmental Note shall be governed by the internal law of the Property Jurisdiction.
12. **Captions.** The captions of the paragraphs of this Governmental Note are for convenience only and shall be disregarded in construing this Governmental Note.
13. **Address for Payment.** All payments due under this Governmental Note shall be payable at the principal office of Funding Lender as designated by Funding Lender in writing to Fiscal Agent and Loan Servicer.
14. **Default Rate.** So long as (a) any monthly installment under this Governmental Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Governmental Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the “**Default Rate**”) equal to the lesser of (i) the Interest Rate otherwise in effect notwithstanding the default plus four percent (4%) per annum or (ii) the Maximum Interest Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.
15. **Limited Obligation.** Notwithstanding any other provision of the Funding Loan Agreement to the contrary, the Obligor shall be obligated to pay the principal of, premium, if any, and interest on, this Note solely out of the Pledged Security. This note shall be a special limited obligation of the Obligor payable solely from the Pledged Security. This Note shall constitute a valid claim of the owner hereof against the security, which is pledged to secure the payment of the principal of, premium, if any, and interest on this Note and which shall be utilized for no other purpose, except as expressly authorized in the Funding Loan Agreement. This Note shall never constitute an indebtedness or general obligation of the Obligor, the State of Texas, the Sponsor, the Sponsoring Political Subdivisions, or any other political subdivision of the State of Texas, within the meaning of any constitutional provision or statutory limitation whatsoever. Neither the faith and credit nor the taxing power of the State of Texas, the Sponsor, the Sponsoring Political Subdivisions, or any other political subdivision of the State of Texas is pledged to the payment of the principal of this Note or the interest or any premium thereon or other costs incident thereto. Neither the members of the Board of Directors of the Obligor nor any person executing this Note shall be liable personally on this Note by reason of the issuance thereof.

IN WITNESS WHEREOF, the Obligor has caused this Governmental Note to be duly executed by the manual or facsimile signature of its authorized representative and attested by the manual or facsimile signature of its authorized representative.

Manor Housing Public Facility Corporation

[SEAL]

By: _____
President

ATTEST:

Secretary

CERTIFICATE OF AUTHENTICATION

This Governmental Note is issued under the provisions of and described in the within mentioned Funding Loan Agreement.

Date of Authentication: _____

BOKF, NA, as Fiscal Agent

By: _____
Authorized Signer

SCHEDULE 1
FUNDING LOAN AMORTIZATION SCHEDULE

Exhibit B

Notice of Appointment of Funding Lender Representative

BOKF, NA
Fort Worth, Texas

Manor Leased Housing Associates I, Limited Partnership.
Manor, Texas

Manor Housing Public Facility Corporation
Manor, Texas

JLL Real Estate Capital, LLC
St. Paul, Minnesota

Re: Tower Road Apartments

Ladies and Gentlemen:

The undersigned is the holder (the "**Funding Lender**") of the Multifamily Housing Revenue Note (Tower Road Apartments), Series 2024 dated _____, 202_ (the "**Governmental Note**") delivered pursuant to the Funding Loan Agreement dated as of _____ 1, 202_ (the "**Funding Loan Agreement**"), among JLL Real Estate Capital, LLC (the "**Initial Funding Lender**"), the Manor Housing Public Facility Corporation (the "**Governmental Lender**") and BOKF, NA (the "**Fiscal Agent**"). Pursuant to Section 10.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by Fiscal Agent, Funding Lender Representative appointed under Section 10.05 of the Funding Loan Agreement shall be _____. The Person previously appointed as Funding Lender Representative, if any, shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of Funding Lender Representative and the signature(s) set forth next to his/her/their name(s) is/are his/her/their true and correct signature(s).

Name	Signature

Additional individuals may be given such authority by written notice to you from Funding Lender Representative or from Funding Lender.

This notice is dated as of the _____ day of _____, _____.

FUNDING LENDER:

JLL REAL ESTATE CAPITAL, LLC, a Delaware limited liability company

By: _____
Name:
Title:

Exhibit C

Form of Transferee Representations Letter

BOKF, NA
Fort Worth, Texas

Manor Leased Housing Associates I, Limited Partnership.
Manor, Texas

Manor Housing Public Facility Corporation
Manor, Texas

JLL Real Estate Capital, LLC
St. Paul, Minnesota

Re: Tower Road Apartments

Ladies and Gentlemen:

The undersigned (the “**Funding Lender**”) hereby acknowledges receipt of the Multifamily Housing Revenue Note (Tower Road Apartments), Series 2024 dated _____, 202_ (the “**Governmental Note**”) delivered pursuant to the Funding Loan Agreement dated as of _____ 1, 202_ (the “**Funding Loan Agreement**”), among JLL Real Estate Capital, LLC (the “**Initial Funding Lender**”), the Manor Housing Public Facility Corporation (the “**Governmental Lender**”) and BOKF, NA (the “**Fiscal Agent**”). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Funding Loan Agreement.

In connection with the [origination][purchase] of the Funding Loan by Funding Lender, Funding Lender hereby makes the following representations upon which you may rely:

1. Funding Lender has authority to [originate][purchase] the Funding Loan and to execute this letter, and any other instruments and documents required to be executed by Funding Lender in connection with the [origination][purchase] of the Funding Loan.
2. Funding Lender is an “accredited investor” under Regulation D of the Securities Act of 1933 (the “**Act**”) or a “qualified institutional buyer” under Rule 144(a) of said Act (such “accredited investor” or “qualified institutional buyer”, a “**Qualified Transferee**”), and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Funding Loan.
3. Funding Lender acknowledges that it is [originating][purchasing] the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof (except as set forth below), in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan (except as set forth below); provided, however, that Funding Lender may, notwithstanding the foregoing and the terms of Paragraph 4 below, (a) transfer the Funding Loan to any affiliate or other party related to Funding Lender that is a Qualified Transferee or (b) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold except to (i) owners or beneficial owners thereof that are Qualified Transferees or (ii) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least “A” or better [; provided, further, however, Funding Lender has originated and funded the Funding Loan with the expectation that the Funding Loan will be sold to the Federal Home Loan Mortgage Corporation (“**Freddie Mac**”) pursuant to the commitment dated _____, 2024 (the “**Freddie Mac Commitment**”)].

- 4. In addition to the right to sell or transfer the Funding Loan as set forth in Paragraph 3 above, Funding Lender further acknowledges its right to sell or transfer the Funding Loan, subject, as required under the Funding Loan Agreement, to the delivery to Fiscal Agent of a transferee representations letter from the transferee to substantially the same effect as this Transferee Representations Letter or in such other form authorized by the Funding Loan Agreement with no revisions except as may be approved in writing by Governmental Lender.
- 5. Funding Lender understands that the Governmental Note is not registered under the Act and that such registration is not legally required as of the date hereof; and further understands that the Governmental Note (a) is not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.
- 6. Funding Lender understands that (a) the Funding Loan is not secured by any pledge of any moneys received or to be received from taxation by the State of Texas or any political subdivision thereof and that Governmental Lender has no taxing power, (b) the Funding Loan does not and will not represent or constitute a general obligation or a pledge of the faith and credit of Governmental Lender, the State of Texas or any political subdivision thereof; and (c) the liability of Governmental Lender with respect to the Funding Loan is limited to the Pledged Security as set forth in the Funding Loan Agreement.
- 7. Funding Lender has either been supplied with or been given access to information, including financial statements and other financial information, which it considers necessary to make an informed decision in connection with the [origination][purchase] of the Funding Loan. Funding Lender has not relied upon Governmental Lender for any information in connection with its purchase of the Funding Loan.
- 8. Funding Lender has made its own inquiry and analysis with respect to the Funding Loan and the security therefor, and other material factors affecting the security and payment of the Funding Loan. Funding Lender is aware that the business of Borrower involves certain economic variables and risks that could adversely affect the security for the Funding Loan.

All agreements, representations and warranties made herein shall survive the execution and delivery of this letter agreement and, notwithstanding any investigation heretofore or hereafter, shall continue in full force and effect.

This notice is letter agreement as of the _____ day of _____, _____.

FUNDING LENDER:

_____, a _____

By: _____
Name:
Title:

**Ballard Second Draft
October 9, 2024**

CONTINUING DISCLOSURE AGREEMENT

between

**MANOR LEASED HOUSING ASSOCIATES I, LP,
as the Borrower,**

and

**BOKF, NA,
as Dissemination Agent**

Dated as of October 1, 2024

Relating to:

**\$4,000,000
Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024**

This instrument drafted by:

Ballard Spahr LLP (BWJ)
2000 IDS Center
80 South 8th Street
Minneapolis, Minnesota 55402

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”), dated as of October 1, 2024, is executed and delivered by Manor Leased Housing Associates I, LP, a Texas limited partnership (the “Borrower”) and BOKF, NA (in such capacity, the “Dissemination Agent”) in connection with the issuance by the Manor Housing Public Facility Corporation (the “Issuer”), a public facility corporation, organized under Chapter 303 of the Texas Local Government Code (the “Act”), of its Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “Subordinate Bonds” or the “Series 2024 Bonds”), in the original aggregate principal amount of \$4,000,000. The Subordinate Bonds are being issued pursuant to a Subordinate Indenture of Trust, dated as of October 1, 2024 (the “Subordinate Indenture”), between the Issuer and BOKF, NA, as trustee (in such capacity, the “Trustee”). The proceeds of the Subordinate Bonds are being loaned by the Issuer to the Borrower pursuant to a Loan Agreement, dated as of October 1, 2024 (the “Subordinate Loan Agreement”), between the Issuer and the Borrower. The Borrower and the Dissemination Agent hereby covenant and agree as follows:

Section 1. Purpose of the Disclosure Agreement. The Borrower expects the sale of the Subordinate Bonds to be exempt from the provisions of Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the “Rule”), based upon that the Subordinate Bonds are being issued in minimum authorized denominations of \$100,000 and placed with no more than 35 institutions that are “qualified institutional buyers” under the federal securities laws. Purchasers of the Subordinate Bonds will be required to execute an investor letter and it is not anticipated that there will be more than 35 holders of the Subordinate Bonds. Colliers Securities LLC has acted as placement agent in connection with the placement of the Subordinate Bonds.

The Borrower and the Dissemination Agent are entering into this Disclosure Agreement for the benefit of the registered owners of the Subordinate Bonds. The Borrower and the Dissemination Agent acknowledge that the Issuer has undertaken no responsibility with respect to any reports, notices or disclosures provided or required under this Disclosure Agreement, and has no liability to any person, including any registered owner of the Subordinate Bonds, with respect to any such reports, notices or disclosures.

Section 2. Definitions. In addition to the definitions set forth in the Subordinate Indenture, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” means any Annual Report provided by the Borrower pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Disclosure Report” means any Annual Report or Quarterly Report, as applicable.

“Disclosure Representative” shall mean any authorized representative of the general partner of the Borrower or his or her designee, or such other person as the Borrower shall designate from time to time.

“Dissemination Agent” means BOKF, NA, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Borrower and which has filed with the Trustee a written acceptance of such designation.

“EMMA®” means the Electronic Municipal Market Access (EMMA®) system administered by the MSRB and the primary portal for complying with the continuing disclosure requirements of the Rule (Website: <http://emma.msrb.org/>).

“Events Notice” means a notice of a Listed Event.

“Financial Obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“GAAP” means generally accepted accounting principles, consistently applied.

“Issuer” means the Manor Housing Public Facility Corporation, its successors and assigns.

“Listed Events” means any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” means the Municipal Securities Rulemaking Board, its successors and assigns.

“Quarterly Report” shall mean the unaudited financial information and operating data required to be provided pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Repository” means EMMA® and any successor thereto.

“Rule” means Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” means the Securities and Exchange Commission, its successors and assigns.

“Significant Bondholder” means a Beneficial Owner of \$1,000,000 or more of the Subordinate Bonds.

Section 3. Provision of Annual Reports and Quarterly Reports.

(a) (1) *Annual Reports.* Not later than one hundred twenty (120) days after the end of the Borrower’s fiscal year, commencing with the fiscal year ended December 31, 2027, the Borrower shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. If the Dissemination Agent is to provide any such Annual Report to the Repository, not later than five (5) Business Days prior to said date, the Borrower shall provide the Annual Report to the Dissemination Agent, including a certificate in substantially the form attached hereto as EXHIBIT A. The Dissemination Agent’s obligation to deliver the information at the times and with the contents described above shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required hereby. In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Borrower may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if the audited financial statements are not available by that date, but the unaudited financial information available on such date is submitted. The Annual Report shall be provided at least annually notwithstanding a fiscal year longer than twelve (12) calendar months. The Borrower may change its current fiscal year, but must notify the Issuer and the Repository or any other filing system approved by the SEC, of each such change within thirty (30) days after the later of the adoption of

a new fiscal year and the end of the fiscal year that occurs before the former fiscal year would have ended.

(2) *Quarterly Reports.* On or before forty-five (45) days after the end of each fiscal quarter (each a “Quarterly Submission Date”), commencing with the calendar quarter ending December 31, 2027, the Borrower shall provide to the Repository, or shall cause the Dissemination Agent to provide to the Repository, certain unaudited financial information relating to the Borrower as specified in Section 4(b) hereof (the “Quarterly Reports”). If the Dissemination Agent is to provide any such Quarterly Report to the Repository, not later than five (5) Business Days prior to said date, the Borrower shall provide the Quarterly Report to the Dissemination Agent, including a certificate in substantially the form attached hereto as EXHIBIT B. The Dissemination Agent’s obligation to deliver the information at the times and with the contents described above shall be limited to the extent the Borrower has provided such information to the Dissemination Agent as required hereby. In each case, the Quarterly Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement.

(b) As soon as is practicable after the completion of any of the disclosure reports required by paragraph (a) (collectively referred to as the “Disclosure Reports”), the Borrower shall provide the Dissemination Agent with a copy (which may be by electronic transfer) of each Disclosure Report as requested. The Dissemination Agent shall, at the Borrower’s cost, transmit the information contained in the Disclosure Reports to each Significant Bondholder, at their written request, and to the Issuer, at its written request. The Dissemination Agent shall have no duty regarding such information other than to retain any such information that it receives and to transmit same in accordance with this Disclosure Agreement.

(c) If the Borrower does not provide to the Dissemination Agent a copy of a Disclosure Report by the applicable dates required in Section 3(a) above, the Dissemination Agent shall send a notice to the Borrower and the Repository, in substantially the form attached as EXHIBIT C unless the Dissemination Agent receives notice that the Borrower filed the Disclosure Reports directly with the Repository as provided for in the following sentence. In the event that the Borrower files the Disclosure Reports directly with the Repository on or before the dates required in Section 3(a) above, the Borrower shall promptly provide the Dissemination Agent with a certification, or other documentation reasonably required by the Dissemination Agent, that the filing of the Disclosure Report was made in a timely manner on or before the date required herein and such filing contained the information required by this Disclosure Agreement.

Section 4. Content of Disclosure Reports. The Borrower’s Annual Report shall contain or incorporate by reference the following:

(a) *Annual Reports.* The Borrower’s Annual Report shall contain or incorporate by reference the following:

(i) The audited financial statements of the Borrower for such fiscal year, prepared in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board, or, if and to the extent such financial statements have not been prepared in accordance with such generally accepted accounting principles for reasons beyond the reasonable control of the Borrower, noting the discrepancies therefrom and the effect thereof, and certified as to accuracy and completeness in all material respects by a fiscal officer of the Borrower, and

(ii) The certificate attached hereto as EXHIBIT A along with the operating information specifically identified on EXHIBIT A.

(b) *Unaudited Financial Statements in lieu of Audited Financial Statements.* Notwithstanding the foregoing paragraph, if the audited financial statements are not available by the date specified in Section 3(a)(1) above, the Borrower shall provide on or before such date unaudited financial statements in the format required for the audited financial statements as part of the Annual Report and the Borrower shall provide the audited financial statements promptly when available, provided that the Borrower shall not be required by the provisions of this Disclosure Agreement to obtain an audit, but is required to file the audit as herein contemplated if one is otherwise prepared.

(c) *Quarterly Reports.* The Quarterly Report shall contain unaudited financial statements of the Borrower for such fiscal quarter consisting of at least unaudited statements of financial position (balance sheets and income statements) as of the end of such calendar quarter, each prepared by or at the direction of the Borrower in accordance with accounting principles consistently applied.

(d) *Incorporation by Reference.* Any or all of the Disclosure Reports may be incorporated by reference from other documents, including official statements, which have been submitted to the Repository. If the Disclosure Report information is changed or this Disclosure Agreement is amended in accordance with its terms, then the Borrower is to include in the next Disclosure Report to be delivered thereunder, to the extent necessary, an explanation of the reasons for the amendment and the effect of any change in the type of financial information or operating data provided.

Section 5. Reporting of Listed Events.

(a) The Borrower agrees to provide or cause to be provided, in a timely manner not in excess of ten (10) Business Days, to the Repository or to any other filing system approved by the SEC, notice of the occurrence of any of the following events (the “Listed Events” or each a “Listed Event”) with respect to the Subordinate Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
- (7) Modifications to rights of security holders, if material;
- (8) Subordinate Bond calls, if material, and tender offers;
- (9) Defeasances;

- (10) Release, substitution, or sale of property securing repayment of the securities, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Each notice shall prominently state the date, title and (to the extent less than all of the Subordinate Bonds are affected by the related material event) CUSIP numbers of the affected Subordinate Bonds. The Borrower may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above.

(c) If the Dissemination Agent has been instructed in writing by the Borrower to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the Repository. Notwithstanding the foregoing, the Borrower is solely responsible for providing notice to the Repository within ten (10) days of any occurrence of the Listed Events.

Section 6. EMMA®. The SEC has designated the EMMA® system operated by the MSRB as the nationally recognized municipal securities information repository and the exclusive portal for complying with continuing disclosure requirements of the Rule. Until the EMMA® system is amended or altered by the MSRB or the SEC, the Borrower or the Dissemination Agent, as applicable, shall make all filings required under this Disclosure Agreement solely with EMMA®.

Section 7. Termination of Reporting Obligation. The Borrower's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Subordinate Bonds. If the Borrower's obligations under the Subordinate Loan Agreement are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Agreement in the same manner as if it were the Borrower, and the original Borrower shall have no further responsibility hereunder.

Section 8. Dissemination Agent. The Borrower has engaged the Dissemination Agent to assist the Borrower in disseminating information hereunder; provided, however, the duty to make or cause to be made the disclosures herein is that of the Borrower, and not that of the Trustee or the Dissemination Agent. In its actions under this Disclosure Agreement, the Dissemination Agent is acting not as Trustee, but as the

Borrower's agent; provided that the Dissemination Agent shall be entitled to the same protection in so acting under this Disclosure Agreement as it has in acting as Trustee under the Subordinate Indenture as fully as if the applicable provisions of the Subordinate Indenture were set forth herein. The Dissemination Agent shall, within fifteen (15) Business Days of receipt of any Disclosure Report and within three (3) Business Days receipt of an Events Notice, forward such information to the Repository and/or the MSRB or any other filing system approved by the SEC, as appropriate. The Borrower may discharge the Dissemination Agent or any successor Dissemination Agent with or without appointing a successor Dissemination Agent. The Dissemination Agent does not have any duty to review the materials described in this paragraph prior to disseminating such materials or any obligation to investigate whether a Listed Event has occurred.

Section 9. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the Borrower and the Dissemination Agent may amend this Disclosure Agreement (and the Dissemination Agent may agree to any reasonable amendment so requested by the Borrower) and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported in writing by an opinion of counsel experienced in federal securities laws selected by the Borrower to the effect that such amendment or waiver would not, in and of itself, cause the agreements herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

The Borrower shall provide notice of each amendment or waiver to the Repository or any other filing system approved by the SEC. The initial Annual Report provided by the Borrower after the amendment or waiver shall explain, in narrative form, the reasons for the amendment or waiver and the effect of the change in the type of operating data or financial information being provided.

Section 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Borrower from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Disclosure Report, or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Borrower chooses to include any information in any Disclosure Report or an Events Notice in addition to that which is specifically required by this Disclosure Agreement, the Borrower shall have no obligation under this Disclosure Agreement to update such information or include it in any future Disclosure Report or Events Notice.

Section 11. Enforceability and Remedies. This Disclosure Agreement shall be enforceable by or on behalf of any such Holder of the Subordinate Bonds, provided that the right of any Holder to challenge the timely filing, failure to file or the adequacy of the information furnished pursuant to this Disclosure Agreement shall be limited to an action by or on behalf of Holders representing at least 25% of the aggregate outstanding principal amount of the Subordinate Bonds. The parties hereto acknowledge that this Disclosure Agreement is also enforceable on behalf of the Holders of the Subordinate Bonds by the Trustee, and the Trustee may, and upon the written direction of the Holders of not less than 25% of the aggregate outstanding principal amount of the Subordinate Bonds, shall proceed to protect and enforce the rights of the Holders of the Subordinate Bonds pursuant to this Disclosure Agreement; provided that in all cases the Trustee shall be entitled to the immunities, indemnities and other protections of the Subordinate Indenture with regard to its actions. Any failure by the Borrower to comply with the provisions of this Disclosure Agreement shall not be an Event of Default under the Subordinate Loan Agreement, the Guaranty, or the Subordinate Indenture.

The Holders' and the Trustee's rights to enforce the provisions of this Disclosure Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel the Borrower to perform the Borrower's obligations under this Disclosure Agreement, and the Borrower, its directors,

officers and employees shall incur no liability under this Disclosure Agreement by reason of any act or failure to act hereunder. Without limiting the generality of the foregoing, neither the commencement nor the successful completion of an action to compel performance under this Section 11 entitles the Trustee or any other person to attorneys' fees, financial damages of any sort or any other relief other than an order or injunction compelling performance; provided that the Trustee shall nevertheless be entitled to attorneys' fees and such other rights and amounts as provided in the Subordinate Indenture and the Subordinate Loan Agreement.

Section 12. Duties and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and no implied covenants shall be read in to this Disclosure Agreement with respect to the Dissemination Agent. The Dissemination Agent shall have no duty or obligation to review or verify any information provided to it by the Borrower or to determine the materiality of a Listed Event and shall not be deemed to be acting in any fiduciary capacity for the Issuer, Borrower, the Holders or any other party. The Dissemination Agent shall have no responsibility for a failure of the Borrower to report a Listed Event to the Dissemination Agent. The Dissemination Agent shall have no power or authority to enforce performance of the Borrower's duties and obligations hereunder and shall not be required to take any action to cause the Borrower to comply with its obligations hereunder. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Subordinate Bonds.

The fact that the Dissemination Agent or any affiliate thereof may have any fiduciary or banking relationship with the Borrower apart from the relationship created by this Disclosure Agreement shall not be construed to mean that the Dissemination Agent has actual or constructive knowledge of any event or condition except as may be provided by written notice from the Borrower. Nothing in this Disclosure Agreement shall be construed to require the Dissemination Agent to interpret or provide an opinion concerning any information disseminated hereunder. If the Dissemination Agent receives a request for an interpretation or opinion, the Dissemination Agent may refer such request to the Borrower for a response.

Section 13. Indemnification of Dissemination Agent. In addition to any and all rights of the Dissemination Agent for reimbursement, indemnification and other rights pursuant to the Rule or under law or equity, THE BORROWER SHALL INDEMNIFY AND HOLD HARMLESS the Dissemination Agent and its respective officers, directors, employees and agents from and against any and all claims, damages, losses, liabilities, reasonable costs and expenses whatsoever (including attorneys' fees, costs and expenses) which such indemnified party may incur by reason of or in connection with the Dissemination Agent's performance under this Disclosure Agreement and in the enforcement of its indemnification rights hereunder; provided that the Borrower shall not be required to indemnify the Dissemination Agent for any claims, damages, losses, liabilities, costs or expenses to the extent, but only to the extent, that such claims, damages, losses, liabilities, costs or expenses have been finally adjudicated by a court of competent jurisdiction to have been directly caused by the willful misconduct or gross negligence of the Dissemination Agent in such disclosure of information hereunder. The obligations of the Borrower under this Section shall survive the termination of this Disclosure Agreement, resignation or removal of the Dissemination Agent and payment of the Subordinate Bonds.

Section 14. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State of Texas, provided that to the extent this Disclosure Agreement addresses matters of federal securities laws, including the Rule, this Disclosure Agreement shall be construed in accordance with such federal securities laws and official interpretations thereof.

Section 15. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Borrower, the Dissemination Agent, the Issuer, Holders and Beneficial Owners from time to time of the Subordinate Bonds, and shall create no rights in any other person or entity.

Section 16. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 17. Severability. If any portion of this Disclosure Agreement shall be held invalid or inoperative, then, so far as is reasonable and possible (i) the remainder of this Disclosure Agreement shall be considered valid and operative, and (ii) effect shall be given to the intent manifested by the portion held invalid or inoperative.

Section 18. Other Instruments. The parties hereto covenant and agree that they will execute such other and further instruments and documents as are or may become necessary or convenient to effectuate and carry out this Disclosure Agreement.

Section 19. Captions, Titles, and Headings. The captions, titles, and headings used in this Disclosure Agreement are for convenience only and shall not be construed in interpreting this Disclosure Agreement.

Section 20. Entire Agreement. This Disclosure Agreement contains the entire understanding among the parties and supersedes any prior understandings or written or oral agreements between them respecting the subject matter of this Disclosure Agreement.

Section 21. Misconduct. The Dissemination Agent may act through agents and shall not be responsible for the willful misconduct or gross negligence of any agent appointed with due care.

Section 22. Force Majeure. In no event shall the Dissemination Agent be responsible or liable for any failure or delay in the performance any act or obligation obligations hereunder arising out of or caused by, directly or indirectly, force majeure events beyond its control, including without limitation, strikes, work stoppages, accidents, acts of war, other military disturbances or terrorism, earthquakes, fire, flood, sabotage, epidemics, riots, nuclear or natural catastrophes or acts of God, labor disputes, acts of civil or military authority and governmental action, or the unavailability of the Federal Reserve Board wire systems and interruptions, loss or malfunctions of utilities, communication facilities or computer (software and hardware) services; it being understood that the Dissemination Agent shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

Section 23. Notices. Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Borrower: Manor Leased Housing Associates I, LP
 c/o Dominion Development & Acquisition, LLC
 2905 Northwest Boulevard, Suite 150
 Plymouth, MN 55441
 Attention: Neal Route, Vice President and Project Partner;
 Mark S. Moorhouse

With a copy to: Winthrop & Weinstine P.A.
 225 South Sixth Street, Suite 3500
 Minneapolis, MN 55402-4629
 Attn: Paul Manda, Esq.

To the
Dissemination Agent: BOKF, NA
1401 McKinney, Suite 1000
Houston, TX 77010
Attn: Corporate Trust Services

Any person may, by written notice to the other persons listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Notwithstanding the foregoing or anything to the contrary contained herein, no notice to the Dissemination Agent shall be deemed given to or received by the Dissemination Agent unless actually delivered to an officer of the Dissemination Agent having responsibility under this Disclosure Agreement.

Section 24. Modification of Disclosure Agreement. This Disclosure Agreement may not be modified or amended except by written agreement executed by all of the parties hereto.

Section 25. Number or Gender of Words. Whenever the context so requires, the masculine shall include the feminine and neuter, and the singular shall include the plural, and conversely, the plural shall include the singular.

Section 26. Dissemination Agent Compensation. The Borrower shall pay or reimburse the Dissemination Agent for its costs, fees and expenses for the Dissemination Agent's services (including attorneys' fees, costs and expenses) rendered in accordance with this Disclosure Agreement. The obligations of the Borrower under this Section shall survive resignation or removal of the Dissemination Agent, termination of this Disclosure Agreement, and payment of the Subordinate Bonds.

Section 27. Electronic Signatures. The parties agree that the electronic signature of a party to this Disclosure Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Disclosure Agreement. For purposes hereof: (i) "electronic signature" means a manually signed original signature that is then transmitted by electronic means or a digital signature of an authorized representative of any party provided by AdobeSign or DocuSign (or such other digital signature provider as specified by such party) in English and (ii) "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a portable document format ("pdf") or other replicating image attached to an electronic mail or internet message, then such signature is a valid and binding signature of the authorized representative of such party.

Section 28. Termination of this Disclosure Agreement. The Dissemination Agent may resign by giving 30 days' written notice to the Borrower. The Dissemination Agent shall be fully discharged at the time any such termination is effective. Except as otherwise provided herein, the Borrower's and the Dissemination Agent's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all the Subordinate Bonds. If resignation of the Dissemination Agent occurs prior to the final maturity of the Subordinate Bonds, the Borrower shall give notice of such resignation in a filing with EMMA and provide notice of whether Borrower is assuming such obligations or the name of the successor dissemination agent.

Accepted by:

MANOR LEASED HOUSING ASSOCIATES I, LP,
a Texas limited partnership, as Borrower

By: Manor Leased Housing Associates GP I, LLC, a
Texas limited liability company

Its: General Partner

By: _____
Name: _____
Its: _____

(Signature page to Continuing Disclosure Agreement – Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

BOKF, NA,
as Dissemination Agent

By: _____
Name: Rosalyn Davis
Its: Vice President

(Signature page to Continuing Disclosure Agreement – Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024)

EXHIBIT A

FORM OF ANNUAL REPORT

\$4,000,000

Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

Report for Period Ending _____

THE PROJECT

Name: Tower Road
Address: 12100 Tower Road in the City of Manor, Texas
Occupancy: _____
Number of Units: 324
Number of Units Occupied as of Report Date: _____

OPERATING HISTORY OF THE PROJECT

The following table sets forth a summary of the operating results of the Project for fiscal year ended _____, as derived from the Borrower's [un]audited financial statements.

	<u>Amount</u>
Revenues	
Operating Expenses ⁽¹⁾	
Net Operating Income	
Debt Service on the Senior Note	
Net Operating Income/(Loss)	
Surplus Cash (as defined in the Subordinate Indenture)	
Current Interest Rate Paid	
Deferred Developer Fee Paid	
Accrual Interest Rate Accrued	
Accrual Interest Rate Paid	

The average occupancy of the Project for the fiscal year ended _____, _____ was ____%.

⁽¹⁾ Excludes depreciation and other non-cash expenses, includes management fee.

The undersigned certifies that this certificate complies with the requirements of Section 4(a) of the Continuing Disclosure Agreement for the above-referenced bonds.

MANOR LEASED HOUSING ASSOCIATES I, LP,
a Texas limited partnership, as Borrower

By: MHPFC TRGP I, LLC, a Texas limited liability company
Its: General Partner

By: _____
Name: _____
Its: _____

EXHIBIT B

FORM OF QUARTERLY REPORT

\$4,000,000

Manor Housing Public Facility Corporation
Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

Report for the Quarter Ending _____, 20__

[COMMENCING WITH THE CALENDAR QUARTER ENDING [_____, 20__]]

THE PROJECT

Name: Tower Road
Address: 12100 Tower Road in the City of Manor, Texas
Occupancy: _____
Number of Units: 324
As of the date below

(a) attached to this Quarterly Report are the statements of financial position required by Section 4(c) of the Continuing Disclosure Agreement.

The undersigned certifies that this certificate complies with the requirements of Section 4(c) of the Continuing Disclosure Agreement for the above-referenced bonds.

Dated: _____

MANOR LEASED HOUSING ASSOCIATES I, LP,
a Texas limited partnership, as Borrower

By: MHPFC TRGP I, LLC, a Texas limited liability company
Its: General Partner

By: _____
Name: _____
Its: _____

EXHIBIT C

**NOTICE TO REPOSITORY OF
FAILURE TO FILE ANNUAL OR QUARTERLY REPORT**

Name of Issuer: Manor Housing Public Facility Corporation

Name of Bond Issue: Subordinate Multifamily Housing Revenue Bonds
(Tower Road Apartments)
Series 2024

Name of Borrower: Manor Leased Housing Associates I, LP

Date of Issuance: October ____, 2024

NOTICE IS HEREBY GIVEN that the Borrower has not provided an [Annual Report][Quarterly Report] with respect to the above-named Subordinate Bonds as required by Sections 3 and 4 of the Continuing Disclosure Agreement delivered in connection with the issuance of the Subordinate Bonds. The Borrower anticipates that the [Annual Report] or [Quarterly Report] for the [year][quarter] ending _____ will be filed by _____.

Dated: _____

BOKF, NA, as Dissemination Agent on behalf of the Borrower

By: _____

cc: Manor Leased Housing Associates I, LP

DMFIRM #413871284 v3

AGENDA ITEM NO.



PUBLIC FACILITY CORPORATION
AGENDA ITEM SUMMARY FORM

PROPOSED MEETING DATE: October 16, 2024
PREPARED BY: Scott Moore, General Manager

AGENDA ITEM DESCRIPTION:

Consideration, discussion, and possible action to authorize the creation of Tower Road Contractor LLC and approve an Operating Agreement of Tower Road Contractor LLC.

BACKGROUND/SUMMARY:

The Tower Road Apartments project will be financed in part with tax-exempt multifamily affordable housing revenue bonds. The transcript for the bond transaction, which is the collection of the key transaction documents, includes a general certificate of the general partner to the general partnership that will be borrowing the bond funds to develop the project. The general partner for the Tower Roads Apartments project is MHPFC TRGP1, LLC, which has been created by the Manor Housing Public Facility Corporation.

The MHPFC will be serving as the general contractor to the project through another LLC, Tower Road Contractor LLC. Although Tower Road Contractor is the general contractor, it, along with the MHPFC and the City, is indemnified for liability arising in connection with the project.

Typically, for these types of project transactions, there will be an “operating agreement” between the PFC and the LLCs that it creates, here “Tower Road Contractor LLC,” to establish the relationship between the entities.

This operating agreement, among other things, provides for the indemnity of the MHPFC by Tower Road Contractor LLC. It is consistent with the form of operating agreement used in similar circumstances by PFCs throughout the state.

LEGAL REVIEW: Yes, Gregory Miller, Bond Counsel
FISCAL IMPACT: Not Applicable
PRESENTATION: Yes, Gregory Miller, Bond Counsel and Partnership Counsel to the MHPFC
ATTACHMENTS: Yes

- Operating Agreement

PROPOSED MOTION: Move that the Board authorize the General Manager to file documentation for the creation of Tower Road Contractor LLC and execute an operating agreement in substantially the same form as the agreement attached to this summary.

STAFF RECOMMENDATION: Staff recommends approval

OPERATING AGREEMENT

TOWER ROAD CONTRACTOR LLC A Texas Limited Liability Company

This operating agreement, also known as regulations (the "Regulations") of **Tower Road Contractor LLC** (the "Company"), adopted effective October __, 2024, are adopted and executed by the Sole Member, THF Housing Development Corporation (as defined below) for the governance and operation of the business of the Company.

ARTICLE I: DEFINITIONS

1.01 The following terms have the following meanings in these Regulations:

"Act" means the Texas Limited Liability Company Act and any successor statute, as amended from time to time and now incorporated in the Texas Business Organizations Code.

"Articles" has the meaning given that term in Section 2.01.

"Bankrupt Member" means (except to the extent a Required Interest consents otherwise) any Member (a) that (i) makes a general assignment for the benefit of creditors; (ii) files a voluntary bankruptcy petition; (iii) becomes the subject of an order for relief or is declared insolvent in any federal or state bankruptcy or insolvency proceedings; (iv) files a petition or answer seeking for the Member a reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law; (v) files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against the Member in a Proceeding of the type described in subclauses (i) through (iv) of this clause (a); or (vi) seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member's or of all or any substantial part of the Member's properties; or (b) against which a Proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution, or similar relief under any law has been commenced and 120 days have expired without dismissal thereof or with respect to which, without the Member's consent or acquiescence, a trustee, receiver, or liquidator of the Member or of all or any substantial part of the Member's properties has been appointed and 90 days have expired without the appointment's having been vacated or stayed, or 90 days have expired after the date of expiration of a stay, if the appointment has not previously been vacated.

"BOC" means the Texas Business Organizations Code and any successor statute, as amended from time to time.

"Business Day" means any day other than a Saturday, a Sunday, or a holiday on which national banking associations in the State of Texas are closed.

"Capital Contribution" means any contribution by a Member to the capital of the Company.

"Code" means the Internal Revenue Code of 1986 and any successor statute, as amended from time to time.

"Commitment" means, subject in each case to adjustments on account of Dispositions of Membership Interests permitted by these Regulations, (a) in the case of a Member executing these Regulations or a Person acquiring that Membership Interest, the amount specified for that Member as its Commitment on Exhibit A, and (b) in the case of a Membership Interest issued pursuant to Section 3.04, the Commitment established pursuant thereto.

"Company" means **Tower Road Contractor LLC**, a Texas limited liability company.

"Default Interest Rate" means a rate per annum equal to the lesser of (a) ten percent plus a varying rate per annum that is equal to the interest rate publicly quoted by the Wall Street Journal from time to time as its prime commercial or similar reference interest rate, with adjustments in the varying rate to be made on the same date as any change in that rate, and (b) the maximum rate permitted by applicable law.

"Delinquent Member" has the meaning given that term in Section 4.03(a).

"Dispose," "Disposing," or "Disposition" means a sale, assignment, transfer, exchange, mortgage, pledge, grant of a security interest, or other disposition or encumbrance (including without limitation, by operation of law), or the acts thereof.

"Entity" means the THF Housing Development Corporation, a Texas nonprofit corporation and instrumentality of the Texas Housing Foundation, a Texas regional housing authority.

"General Interest Rate" means a rate per annum equal to the lesser of (a) varying rate per annum that is equal to the interest rate publicly quoted by the Wall Street Journal from time to time as its prime commercial or similar reference interest rate, with adjustments in that varying rate to be made on the same date as any change in that rate, and (b) the maximum rate permitted by applicable law.

"Manager" means any Person named in the Regulations as a Manager, who shall be the President of the Sole Member and any Person hereafter designated by the Sole Member as a Manager of the Company as provided in these Regulations but does not include any Person who has ceased to be a Manager of the Company.

"Member" means the Manor Housing Public Facility Corporation, a Texas nonprofit corporation organized under Chapter 303 of the Texas Local Government Code, or successor entity that is an instrumentality of the Manor Housing Public Facility Corporation but does not include any Person or Entity who has ceased to be a Member of the Company.

"Membership Interest" means the interest of a Member in the Company, including, without limitation, rights to distributions (liquidating or otherwise), allocations, information, and to

consent or approve.

"**Person**" has the meaning given that term in Article 1.02(A)(4) of the

Act. "**Proceeding**" has the meaning given that term in Section 8.01.

"**Regulations**" has the meaning given that term in the introductory

paragraph.

"**Required Interest**" means one or more Members having among them at least 100% of the Sharing Ratios of all Members.

"**TBCA**" means the Texas Business Corporation Act and any successor statute, as amended from time to time.

Other terms defined herein have the meaning so given them.

1.02 Construction. Whenever the context requires, the gender of all words used in these Regulations included the masculine, feminine, and neuter. All references to Certificate of Formation and Sections refer to articles and sections of these Regulations, and all references to Exhibits are to Exhibits attached hereto, each of which is made a part hereof for all purposes.

ARTICLE II: ORGANIZATION

2.01 Formation. The Company has been organized as a Texas limited liability company by the filing of a Certificate of Formation of Organization (the "COF") under the BOC and the Act and issuance of Certificate of Formation for the Company by the Texas Secretary of State.

2.02 Name. The name of the Company is "**Tower Road Contractor LLC**" and all Company business must be conducted in that name or such other names that comply with applicable law as the Member may select from time to time.

2.03 Registered Office, Registered Agent, Principal Office in the United States; Other Offices. The registered office of the Company required by the Act to be maintained in the State of Texas will be the office of the initial registered agent named in the Certificate of Formation or such other office (which need not be a place of business of the Company) as the Member may designate from time to time in the manner provided by law. The registered agent of the Company in the State of Texas will be the initial registered agent named in the Certificate of Formation or such other Person or Persons as the Member may designate from time to time in the manner provided by law. The principal office of the Company in the United States will be at the place that the Member may designate, and the Company will maintain records there as required by Article 2.22 of the Act and will keep the street address of such principal office at the registered office of the Company in the State of Texas.

2.04 Purposes. The purposes of the Company are those set forth in the Certificate of Formation.

2.05 Foreign Qualification. Prior to the Company's conducting business in any jurisdiction other than Texas, the Member will cause the Company to comply, to the extent procedures are available and those matters are reasonably within the control of the Member, with all requirements necessary to qualify the Company as a foreign limited liability company in that jurisdiction. At the request of the Member, each Member will execute, acknowledge, swear to, and deliver all certificates and other instruments conforming with these Regulations that are necessary or appropriate to qualify, continue, and terminate the Company as a foreign limited liability company in all such jurisdictions in which the Company may conduct business.

2.06 Term. The Company begins business on the date the Texas Secretary of State issues a certificate of filing of the certificate of formation for the Company and will continue in existence for the perpetual period according to the certificate of formation for the duration of the Company, or such earlier time as these Regulations may specify.

2.07 Mergers and Exchanges. The Company may be a party to (a) a merger, or (b) an exchange or acquisition of the type described in Article 10.06 of the Act, subject to the requirements of Section 6.01 (b)(ii).

2.08 No State-Law Partnership. The Members intend that the Company not be a partnership (including, without limitation, a limited partnership) or joint venture, and that no Member be a partner or joint venturer of any other Member, for any purposes other than federal and state tax purposes, and these Regulations may not be construed to suggest otherwise.

ARTICLE III: MEMBERSHIP; DISPOSITIONS OF INTERESTS

3.01 Initial Member. The initial Sole Member of the Company is the Entity executing these Regulations on the date of these Regulations as the sole Member, which is admitted to the Company as a Member effective with the execution by the Entity of these Regulations.

3.02 Representations and Warranties. The Member represents and warrants to the Company that

(a) if that Member is a corporation, it is organized, existing, and in good standing under Texas law and is qualified and in good standing as a nonprofit corporation in Texas as its principal place of business;

(b) that Member has full corporate, or other applicable power and authority to execute and agree to these Regulations and to perform its obligations hereunder and all necessary actions by the board of directors necessary for the authorization, execution, delivery, and performance of these Regulations by the Member have been taken;

(c) the Member has executed and delivered these Regulations; and (d) the Member's authorization, execution, delivery, and performance of these Regulations do not conflict with any other agreement or arrangement to which that Member is a party or by which it is bound.

3.03 Restrictions on the Disposition of an Interest.

(a) A disposition of an interest in the Company may not be effected without the consent of the Member.

(b) Subject to the provisions of this Section 3.03, (i) an Entity to which an interest in the Company is transferred has the right to be admitted to the Company as a Member with the Sharing Ratio and the Commitment so transferred to such Person, if (A) the Member making such transfer grants the transferee the right to be so admitted, and (B) such transfer is consented to in accordance with Section 3.03(a), and (ii) the Company or (with the permission of the Company, which may be withheld in its sole discretion) a Lending Member may grant the purchaser of a Delinquent Member's interest in the Company at a foreclosure of the security interest therein granted pursuant to Section 4.03(b) the right to be admitted to the Company as a Member with such Sharing Ratio and such Commitment (no greater than the Sharing Ratio and the Commitment of the Member effecting such Disposition prior thereto) as they may agree.

(c) The Company may not recognize for any purpose any purported Disposition of all or part of a Membership Interest unless and until the other applicable provisions of this Section 3.03 have been satisfied and the Member has received, on behalf of the Company, a document (i) executed by both the Member effecting the Disposition (or if the transfer is on account of the death, incapacity, or liquidation of the transferor, its representative) and the Person to which the Membership interest or part thereof is Disposed, (ii) including the notice address of any Person to be admitted to the Company as a Member and its agreement to be bound by these Regulations in respect of the Membership Interest or part thereof being obtained, (iii) setting forth the Sharing Ratios and the Commitments after the Disposition of the Member effecting the Disposition and the Person to which the Membership Interest of part thereof is Disposed (which together must total the Sharing Ratio and the Commitment of the Member effecting the Disposition before the Disposition), and (iv) containing a representation and warranty that the disposition was made in accordance with all applicable laws and regulations (including securities laws) and, if the Person to which the Membership Interest or part thereof is Disposed is to be admitted to the Company, its representation and warranty that the representations and warranties in Section 3.02 are true and correct with respect to that Person. Each disposition and, if applicable, admission complying with the provisions of Section 3.03(b) is effective as of the first day of the calendar month immediately succeeding the month in which the Member receives the notification of Disposition and the other requirements of this Section 3.03 have been met.

(d) For the right of a Member to Dispose of a Membership Interest or any part thereof or of any Person to be admitted to the Company in connection therewith to exist or be exercised,

(i) either

(A) the Membership Interest of part thereof subject to the Disposition or admission must be registered under the Securities Act of 1933, as amended, and any applicable state securities laws or

(B) the Company must receive a favorable opinion of the Company's legal counsel or of other legal counsel acceptable to the Member to the effect that the Disposition or admission is exempt from registration under those laws and (ii) the Company must receive a favorable opinion of the Company's legal counsel or of other legal counsel acceptable to the Member to the effect that the Disposition or admission, when added

to the total of all other sales, assignments, or other dispositions within the preceding 12 months, would not result in the Company's being considered to have terminated within the meaning of the Code. The Member, however, may waive the requirements of this Section 3.03(d).

(e) The Member effecting a Disposition and any Person admitted to the Company in connection therewith will pay, or reimburse the Company for, all costs incurred by the Company in connection with the Disposition or admission (including, without limitation, the legal fees incurred --in connection with the legal opinions referred to in Section 3.03(d)) on or before the tenth day after the receipt by that Person of the Company's invoice for the amount due. If payment is not made by the date due, the Person owing the amount will pay interest on the unpaid amount from the date due until paid at a rate per annum equal to the Default Interest Rate.

(f) If the interest is transferred by assignment, the fact of assignment itself entitles the assignee to the right of (i) allocation of income, gain, loss, deduction, credit, or similar items, and to receive distributions to which the assignor is entitled to the extent these items were assigned, and

(ii) reasonable information or account of transactions of the Company and to make reasonable inspection of the books and records of the Company. If and until the assignee is made a Member by consent of a majority of the Members, the assignor continues as a Member. The assignee becomes liable as a Member upon admittance to Membership; and is liable for assignor's obligations, limited to those obligations that were ascertainable at admittance as a Member from these Regulations. The assignor continues to be liable to the Company regardless of assignment of his interest, in whole or in part.

3.04 Additional Members. Additional Persons or Entity may be admitted to the Company as Members and Membership Interests may be created and issued to those Persons and to existing Members at the direction of a majority of the Members, on such terms and conditions as the Member may determine at the time of admission. The terms of admission or issuance must specify the Sharing Ratios and the Commitments applicable thereto and may provide for the creation of different classes or groups of Members and having different rights, powers, and duties. The Member will reflect the creation of any new class or group in an amendment to these Regulations indicating the different rights, powers, and duties, and such an amendment need be executed only by the Member. Any such admission must comply with the provisions of Section 3.03(d)(i) and is effective only after the new Member has executed and delivered to the Member a document including the new Member's notice address, its agreement to be bound by these Regulations, and its representation and warranty that the representation and warranties in Section 3.02 are true and correct with respect to the new Member. The provisions of Section 3.03(c) will not apply to dispositions of Membership Interests.

3.05 Interest in a Member. A Member that is not a natural Person may not cause or permit an interest, direct or indirect, in itself to be disposed of such that, after the Disposition, (a) the Company would be considered to have terminated within the meaning of Section 708 of the Code or (b) without the consent of the Member and a Required Interest, that Member will cease to be controlled by substantially the same persons who control it as of the date of its admission to the Company. On any breach of the provisions of clause (b) of the immediately preceding sentence, the Company will have the option to buy, and on exercise of that option the breaching

Member will sell, the breaching Member's Membership Interest, all in accordance with Section 11.01 as if the breaching Member were a Bankrupt Member.

3.06 Information.

(a) In addition to the other rights specifically set forth in these Regulations, each Member is entitled to all information to which that Member is entitled to have access pursuant to Article 2.22 of the Act under the circumstances and subject to the conditions therein stated. The Members agree, however, that the Member from time to time may determine, due to contractual obligations, business concerns, or other considerations, that certain information regarding the business, affairs, properties, and financial condition of the Company should be kept confidential and not provided to some or all other Members, and that it is not just or reasonable for those Members or assignees or representatives thereof to examine or copy that information.

(b) The Members acknowledge that, from time to time, they may receive information from or regarding the Company in the nature of trade secrets or that otherwise is confidential, the release of which may be damaging to the Company or Persons with which it does business. Each Member will hold in strict confidence any information it receives regarding the Company that is identified as being confidential (and if that information is provided in writing, that is so marked) and may not disclose it to any Person other than another Member or a Manager, except for disclosures (i) compelled by law (but the Member must notify the Member promptly of any request for that information, before disclosing it if practicable), (ii) to advisers or representatives of the Member or Persons to which that Member's Membership Interest may be Disposed as permitted by these Regulations, but only if the recipients have agreed to be bound by the provisions of this Section 3.06(b), or (iii) of information that Member also has received from a source independent of the Company that the Member reasonably believes obtained that information without breach of any obligation of confidentiality. The Members acknowledge that breach of the provisions of this Section 3.06(b) may cause irreparable injury to the Company for which monetary damages are inadequate, difficult to compute, or both. Accordingly, the Members agree that the provisions of this Section 3.06(b) may be enforced by specific performance.

3.07 Liability to Third Parties. No Member or Manager will be liable for the debts, obligations, or liabilities of the Company, including under a judgment decree or order of a court.

3.08 Withdrawal. A Member may withdraw from the Company with sixty days' notice to the Member of the Company, subject to dissolution of Section 12.01.

3.09 Lack of Authority. No Member (other than a Manager or an officer) has the authority or power to act for or on behalf of the Company, to do any act that would be binding on the Company, or to incur any expenditures on behalf of the Company.

ARTICLE IV: CAPITAL CONTRIBUTIONS

4.01 Initial Contributions. Contemporaneously with the execution by such Member of these Regulations, each Member will make a Capital Contributions in the amount of \$1.

4.02 Subsequent Contributions. Without creating any rights in favor of any third party, each Member will contribute to the Company, in cash, on or before the date specified as hereinafter described, that Member's Sharing Ratio of all monies that in the judgment of the Member are necessary to enable the Company to cause the assets of the Company to be properly operated and maintained and to discharge its costs, expenses, obligations, and liabilities; provided, however, that a Member is not obligated to contribute a total amount that, when added to all Capital Contributions that Member previously has made pursuant to Section 4.01 or this Section 4.02, exceeds that Member's Commitment. The Member will notify each Member of the need for Capital Contributions pursuant to this Section 4.02 when appropriate, which written notice must include a statement in reasonable detail of the proposed uses of the Capital Contributions and a date (which date may be no earlier than the fifth business day following each Member's receipt of its notice) before the Capital Contributions must be made. Notices for Capital Contributions must be made to all Members in accordance with their Sharing Ratios.

4.03 Failure to Contribute.

(a) If a Member does not contribute by the time required all or any portion of a Capital Contribution that Member is required to make as provided in these Regulations, the Company may exercise, on notice to that Member (the "Delinquent Member"), one or more of the following remedies:

(i) taking such action (including, without limitation, court proceedings) as the Member may deem appropriate to obtain payment by the Delinquent Member of the portion of the Delinquent Member's Capital Contribution that is in default, together with interest thereon at the Default Interest Rate from the date that the Capital Contribution was due until the date that it is made, all at the cost and expense of the Delinquent Member;

(ii) permitting the other Members in proportion to their Sharing Ratios or in such other percentages as they may agree (the "Lending Member," whether one or more), to advance the portion of the Delinquent Member's Capital Contribution that is in default, with the following results:

- (A) the sum advanced constitutes a loan from the Lending Member to the Delinquent Member and a Capital Contribution of that sum to the Company by the Delinquent Member pursuant to the applicable provisions of these Regulations,
- (B) the principal balance of the loan and all accrued unpaid interest thereon is due and payable in whole on the tenth day after written demand therefor by the Lending Member to the Delinquent Member,
- (C) the amount lent bears interest at the Default Interest Rate from the day that the advance is deemed made until the date that the loan, together with all interest accrued on it, is repaid to the Lending Member,
- (D) all distributions from the Company that otherwise would be made to the Delinquent Member (whether before or after dissolution of

the Company) instead will be paid to the Lending Member until the loan and all interest accrued on it have been paid in full to the Lending Member (with payments being applied first to accrued and unpaid interest and then to principal), the payment of the loan and interest accrued on it is secured by a security interest in the Delinquent Member's Membership Interest, as more fully set in Section 4.03(b), and

(E) the Lending Member has the right, in addition to the other rights and remedies granted to it pursuant to these Regulations or available to it at law or in equity, to take any action (including, without limitation, court proceedings) that the Lending Member may deem appropriate to obtain payment by the Delinquent Member of the loan and all accrued and unpaid interest on it, at the cost and expense of the Delinquent Member;

(iii) exercising the rights of a secured party under the Uniform Commercial Code of the State of Texas, as more fully set forth in Section 4.03(b);

(iv) reducing the Delinquent Member's Membership Interest or other interest in the Company;

(v) subordination of the Delinquent Member's interest to the non-defaulting Member;

(vi) a forced sale of the Delinquent Member's interest;

(vii) forfeiture of the Delinquent Member's interest;

(viii) determination of the value of the Delinquent Member's interest by appraisal or by formula and redemption or sale of the interest at that value; or

(ix) exercising any other rights and remedies available at law or in equity.

(b) Each Member grants to the Company, and to each Lending Member with respect to any loans made by the Lending Member to that Member as a Delinquent Member pursuant to Section 4.03(a)(ii), as security, equally and ratably, for the payment of all Capital Contributions that Member has agreed to make and the payment of all loans and interest accrued on them made by Lending Members to that Member as a Delinquent Member pursuant to Section 4.03(a)(ii), a security interest in, and a general lien on its Membership Interest and the proceeds thereof, all under the Uniform Commercial Code of the State of Texas. It is expressly agreed that the security interest created thereby will be governed by Chapter 8 of the Uniform Commercial Code of the State of Texas. On any default in the payment of a Capital Contribution or in the payment of such a loan or interest accrued on it, the Company, or the Lending Member, as applicable, is entitled to all the rights and remedies of a secured party under the Uniform Commercial Code of the State of Texas with respect to the security interest granted in this Section 4.03(b). Each Member will execute and deliver to the

Company and the other Members all financing statements and other instruments that the Member or the Lending Member, as applicable, may request to effectuate and carry out the preceding provisions of this Section 4.03(b). At the option of the Member or a Lending Member, these Regulations, or a carbon, photographic, or other copy hereof may serve as a financing statement.

(c) The obligation of a Delinquent Member or its legal representative or successor to make a contribution or otherwise pay cash or transfer property or to return cash or property paid or distributed to the Delinquent Member in violation of the Act or these Regulations may be compromised or released only by consent of all Members. Notwithstanding the compromise or release, a creditor of the Company who extends credit or otherwise acts in reasonable reliance on that obligation, after the Member signs a writing that reflects the obligation and before the writing is amended or canceled to reflect the compromise or release, may enforce the original obligation.

4.04 Return of Contributions. A Member is not entitled to the return of any part of its Capital Contributions or to be paid interest in respect of either its capital account or its Capital Contributions. An unrepaid Capital Contribution is not a liability of the Company or of any Member. A Member is not required to contribute or to lend any cash or property to the Company to enable the Company to return any Member's Capital Contributions.

4.05 Advances by Members. If the Company does not have sufficient cash to pay its obligations, any Member(s) that may agree to do so with the Member's consent may advance all or part of the needed funds to or on behalf of the Company. An advance described in this Section 4.05 constitutes a loan from the Member to the Company, bears interest at the General Interest Rate from the date of the advance until the date of payment and is not a Capital Contribution.

4.06 Capital Accounts. A capital account will be established and maintained for each Member. Each Member's capital account (a) will be increased by (i) the amount of money contributed by that Member to the Company, (ii) the fair market value of property contributed by that Member to the Company (net of liabilities secured by the contributed property that the Company is considered to assume or take subject to under Section 752 of the Code), and (iii) allocations to that Member of Company income and gain (or items thereof), including income and gain exempt from tax and income and gain described in Treas. Reg. § 1.704-1 (b)(2)(iv)(g), but excluding income and gain described in Treas. Reg. § 1.704-1 (b)(4)(i), and (b) will be decreased by (i) the amount of money distributed to that Member by the Company, (ii) the fair market value of property distributed to that Member by the Company (net of liabilities secured by the distributed property that the Member is considered to assume or take subject to under section 752 of the Code), (iii) allocations to that Member of expenditures of the Company described in Section 705(a)(2)(B) of the Code, and (iv) allocations of Company loss and deduction (or items thereof), including loss and deduction described in Treas. Reg. § 1.704-1 (b)(2)(iv)(g), but excluding items described in clause (b)(iii) above and loss or deduction described in Treas. Reg. § 1.704-1 (b)(4)(i) or § 1.704-1 (b)(4)(iii). The Member's capital accounts also will be maintained and adjusted as permitted by the provisions of Treas. Reg. § 1.704-1 (b)(2)(iv)(f) and as required by the other provisions of Treas. Reg. § 1.704-1 (b)(2)(iv) and 1.704-1 (b)(4), including adjustments to reflect the allocations to the Members of depreciation, depletion, amortization, and gain or loss as computed for tax purposes, as required by Treas. Reg. § 1.704-1 (b)(2)(iv)(g). A Member that has more than one Membership Interest will have a single capital account that reflects all its Membership Interests, regardless of the class of Membership Interests owned by that Member and regardless of the time or

manner in which those Membership Interests were acquired. On the transfer of all or part of a Membership Interest, the capital account of the transferor that is attributable to the transferred Membership Interest or part thereof will carry over to the transferee Member in accordance with the provisions of Treas. Reg. § 1.704-1 (b)(2)(iv)(1).

ARTICLE V: ALLOCATIONS AND DISTRIBUTIONS

5.01 Allocations.

(a) Except as may be required by Section 704 (c) of the Code and Treas. Reg. § 1.704-1 (b)(2)(iv)(f)(4), all items of income, gain, loss, deduction, and credit of the Company will be

allocated among the Members in accordance with their Sharing Ratios.

(b) All items of income, gain, loss, deduction, and credit allocable to any Membership Interest that may have been transferred will be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning that Membership Interest, without regard to the results of Company operations during any particular portion of that calendar year and without regard to whether cash distributions were made to the transferor or the transferee during that calendar year; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Code and the regulations thereunder.

(c) In the event any Member unexpectedly receives any adjustments, allocations or distributions described in Section 1.704-1 (b)(2)(ii)(d)(4), (5) or (6) of the Treas. Regs, items of the Company's income and gain will be specially allocated as a qualified income offset to each such Member in an amount and manner sufficient to eliminate, to the extent required by the Treas. Regs the Adjusted Capital Account Deficit of such Member as quickly as possible, provided that an allocation pursuant to this Section 5.01(c) will be made only if and to the extent that such Member has an Adjusted Capital Account Deficit after all other allocations provided for in this Article 5.01 have been tentatively made as if this Section 5.01(c) were not in these Regulations.

5.02 Distributions.

(a) From time to time (but at least once each calendar quarter) the Member will determine in their reasonable judgment to what extent (if any) the Company's cash on hand exceeds its current and anticipated needs, including, without limitation, for operating expenses, debt service, acquisitions, and a reasonable contingency reserve. If such an excess exists, the Member will cause the Company to distribute to the Members, in accordance with their Sharing Ratios, an amount in cash equal to that excess.

(b) From time to time the Member also may cause property of the Company other than cash to be distributed to the Members, which distribution must be made in accordance with their Sharing Ratios and may be made subject to existing liabilities and obligations. Immediately prior to such a distribution, the capital accounts of the Members will be adjusted as provided in Treas.

Reg. § 1.704-1(b)(2)(iv)(f).

ARTICLE VI: MEMBER

6.01 Management by Member.

(a) Except for situations in which the approval of the Members is required by these Regulations or by nonwaivable provisions of applicable law, and subject to the provisions of Section 6.02, (i) the powers of the Company will be exercised by or under the authority of, and the business and affairs of the Company will be managed under the direction of, the Member; and (ii) the Member may make all decisions and take all actions for the Company not otherwise provided for in these Regulations, including, without limitation, the following:

- (i) entering into, making, and performing contracts, agreements, and other undertakings binding the Company that may be necessary, appropriate, or advisable in furtherance of the purposes of the Company and making all decisions and waivers thereunder;
- (ii) opening and maintaining bank and investment accounts and arrangements, drawing checks and other orders for the payment of money, and designating individuals with authority to sign or give instructions with respect to those accounts and arrangements;
- (iii) maintaining the assets of the Company in good order;
- (iv) collecting sums due the Company;
- (v) to the extent that funds of the Company are available therefor, paying debts and obligations of the Company;
- (vi) acquiring, utilizing for Company purposes, and Disposing of any asset of the Company;
- (vii) borrowing money or otherwise committing the credit of the Company for Company activities and voluntary prepayments or extensions of debt;
- (viii) selecting, removing, and changing the authority and responsibility of lawyers, accountants, and other advisers and consultants;
- (ix) obtaining insurance for the Company;
- (x) determining distributions of Company cash and other property as provided in Section 5.02;
- (xi) establishing a seal for the Company; and

(b) Notwithstanding the provisions of Section 6.01(a), the Member may not cause the Company to do any of the following without complying with the applicable requirements set forth below:

- (i) sell, lease, exchange or otherwise dispose of (other than by way of a pledge, mortgage, deed of trust or trust indenture) all or substantially all the Company's property and assets (with or without good will), other than in the usual and regular course of the Company's business, without complying with the applicable procedures set forth in the Act and the TBCA, including, without limitation, the requirement in Article 5.10 of the TBCA regarding approval by the Members (unless such provision is rendered inapplicable by another provision of applicable law); or
- (ii) be a party to (A) a merger, or (B) an exchange or acquisition of the type described

in Article 10.06 of the Act, without complying with the applicable procedures set forth in the Act.

6.02 Actions by Member, Committee, Delegation of Authority and Duties.

(a) In managing the business and affairs of the Company and exercising its powers, the Member will act

- (i) collectively through meetings and written consents pursuant to Article VII;
- (ii) through committees pursuant to Section 6.02(b); and
- (iii) through the Director or Officer Member to whom authority and duties have been delegated pursuant to Section 6.02(c).

(b) The Member may, from time to time, designate one or more committees, each of which will be comprised of one or more of its directors. Any such committee, to the extent provided in such resolution or in the certificate of formation or these Regulations, will have and may exercise all of the authority of the Member, subject to the limitations set forth in the BOC, the Act and the TBCA. At every meeting of any such committee, the presence of a majority of all the members thereof will constitute a quorum, and the affirmative vote of a majority of the members present will be necessary for the adoption of any resolution. The Member may dissolve any committee at any time, unless otherwise provided in the certificate of formation or these regulations.

(c) The Member may, from time to time, delegate to one or more Directors or Officers such authority and duties as the Member may deem advisable. In addition, the Member may assign titles (including, without limitation, president, vice president, secretary, assistant secretary, treasurer, and assistant treasurer) to any such Director or Officer. Unless the Member decides otherwise, if the title is one commonly used for officers of a business corporation formed under the TBCA, the assignment of such title will constitute the delegation to such Manager of the authority and duties that are normally associated with that office, subject to any specific delegation of authority and duties made pursuant to the first sentence of this Section 6.02(c). Any number of titles may be held by the same Manager. Any delegation pursuant to this Section 6.02(c) may be revoked at any time by the Member.

(d) Any Person dealing with the Company, other than a Member, may rely on the authority of any Manager or officer in taking any action in the name of the Company without inquiry into the provisions of these Regulations or compliance herewith, regardless of whether that action actually is taken in accordance with the provision of these Regulations.

6.03 Number and Term of Office. The number of members of the Company will be determined from time to time by resolution of the Member; provided, however, that no decrease in the number of Member that would have the effect of shortening the term of an incumbent Manager may be made by the Member. If the Member make no such determination, the number of Member will be the number set forth in the Certificate of Formation as the number of Member constituting the initial Member. Each Manager will hold office for the term for which he is elected and thereafter until his successor will have been elected and qualified, or until his earlier death, resignation, or removal. Unless otherwise provided in the Certificate of Formation, Member need not be Members or residents of the State of Texas.

6.04 Classification of Member. The number of classes of Member may be determined from time to time, each of which to be the number and term of each class to be determined at such time of their creation, at a meeting of Members. The whole number of Member of the Company need not be elected annually or at any scheduled meeting of the Members. At each meeting at which the Member are to be elected, the number of Member equal to the number of classes whose term expires at the time of such meeting will be elected to hold office until the next succeeding meeting at which the successors to be Member are to be elected.

6.05 Vacancies; Removal; Resignation. Any Manager position to be filled by reason of an increase in the number of Member or other reason may be filled by election at an annual or special meeting of Members called for that purpose. A Manager elected to fill a vacancy occurring other than by reason of an increase in the number of Member will be elected for the unexpired term of his predecessor in office. At any meeting of Members at which a quorum of Members is present called expressly for that purpose, or pursuant to a written consent adopted pursuant to these Regulations, any Manager may be removed, with or without cause, by a Required Interest. Any Manager may resign at any time. Such resignation will be made in writing and will take effect at the time specified therein, or if no time be specified, at the time of its receipt by the remaining Member. The acceptance of a resignation will not be necessary to make it effective, unless expressly so provided in the resignation Meetings.

(a) Unless otherwise required by law or provided in the Certificate of Formation or these Regulations, a majority of the total number the directors of the-Sole Member fixed by, or in the manner provided in, the Certificate of Formation or these Regulations will constitute a quorum for the transaction of business of the Member, and the act of a majority of the directors of the Sole Member present at a meeting at which a quorum is present will be the act of the Member.

(b) Meetings of the Member may be held at such place or places as will be determined from time to time by resolution of the Member. At all meetings of the Member, business will be transacted in such order as will from time to time be determined by resolution of the Member. In connection with any annual meeting of Members at which Member were elected, the Member may, if a quorum is present, hold its first meeting for the transaction of business immediately after and at the same place as such annual meeting of the Members. Notice of such meeting at such time and place will not be required.

(c) Regular meetings of the Member will be held at such times and places as will be designated from time to time by resolution of the Member. Notice of such regular meetings will not be required.

(d) Special meetings of the Member may be called by any Manager on at least 24 hours' notice to each other Manager. Such notice need not state the purpose or purposes of, nor the business to be transacted at, such meeting, except as may otherwise be required by law or provided for by the Certificate of Formation or these Regulations.

6.06 Approval or Ratification of Acts or Contracts by Members. The Member in their discretion may submit any act or contract for approval or ratification at any annual meeting of the Members, or at any special meeting of the Members called for the purpose of considering any such act or

contract, and any act or contract that will be approved or be ratified by a Required Interest will be as valid and as binding upon the Company and upon all the Members as if it will have been approved or ratified by every Member of the Company.

6.07 [Reserved]

6.08 Compensation. The Member will receive such compensation, if any, for its services as may be designated from time to time by the Member. In addition, the Member will be entitled to be reimbursed for out-of-pocket costs and expenses incurred in the course of its service hereunder, including the portion of their overhead reasonably allocable to Company activities.

6.10 Conflicts of Interest. Subject to the other express provisions of these Regulations, each Manager, Member, and officer of the Company at any time may engage in and possess interests in other business ventures of any and every type and description, independently or with others, including ones in competition with the Company, with no obligation to offer to the Company or any other Member, Manager, or officer the right to participate therein. The Company may transact business with any Manager, Member, officer, or Affiliate thereof, provided the terms of those transactions are no less favorable than those the Company could obtain from unrelated third parties.

6.11 Officers.

(a) The Member may, from time to time, designate one or more Persons to be officers of the Company. No officer need be a resident of the State of Texas, a Member, or a Manager. Any officers so designated will have such authority and perform such duties as the Member may, from time to time, delegate to them. The Member may assign titles to particular officers. Unless the Member decide otherwise, if the title is one commonly used for officers of a business corporation formed under the TBCA, the assignment of such title will constitute the delegation to such officer of the authority and duties that are normally associated with that office, subject to (i) any specific delegation of authority and duties made to such officer by the Member pursuant to the third sentence of this Section 6.011(a), or (ii) any delegation of authority and duties made to one or more Member pursuant to Section 6.02(c). Each officer will hold office until his successor will be duly designated and will qualify or until his death or until he will resign or will have been removed in the manner hereinafter provided. Any number of offices may be held by the Person. The salaries or other compensation, if any, of the officers and agents of the Company will be fixed from time to time by the Member.

(b) Any officer may resign as such at any time. Such resignation will be made in writing and will take effect at the time specified therein, or if no time be specified, at the time of its receipt by the Member. The acceptance of a resignation will not be necessary to make it effective, unless expressly so provided in the resignation. Any officer may be removed as such, either with or without cause, by the Member whenever in their judgment the best interests of the Company will be served thereby; provided, however, that such removal will be without prejudice to the contract rights, if any, of the Person so removed. Designation of an officer will not of itself create contract rights.

Any vacancy occurring in any office of the Company (other than Manager) may be filled by the Member.

(c) The Executive Director & Secretary of the Company will be the Executive Director & Secretary of the Sole Member.

ARTICLE VII: MEETING OF MEMBER

7.01 Meetings.

(a) A quorum will be present at a meeting of the Sole Member if the holders of a Required Interest are represented at the meeting in person. With respect to any matter, other than a matter for which the affirmative vote of the holders of a specified portion of the Sharing Ratios of all Members entitled to vote is required by the Act or these Regulations, the affirmative vote of a Required Interest at a meeting of Members at which a quorum is present will be the act of the Members.

(b) All meetings of the Members will be held at the principal place of business of the Company or at such other place within or without the State of Texas as will be specified or fixed in the notices or waivers of notice thereof.

(c) Notwithstanding the other provisions of the Certificate of Formation or these Regulations, the chairman of the meeting or the holders of a Required Interest will have the power to adjourn such meeting from time to time, without any notice other than announcement at the

meeting of the time and place of the holding of the adjourned meeting. If such meeting is adjourned by the Members, such time and place will be determined by a vote of the holders of a Required Interest. Upon the resumption of such adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(d) An annual meeting of the Members, for the election of the Member and for the transaction of such other business as may properly come before the meeting, will be held at such place, within or without the State of Texas, on such date and at such time as the Member will fix and set forth in the notice of the meeting, which date will be within thirteen months subsequent to the date of organization of the Company or the last annual meeting of Members, whichever most recently occurred.

(e) Special meetings of the Members for any proper purpose or purposes may be called at any time by the Member or the holders of at least ten percent of the Sharing Ratios of all Members. If not otherwise stated in or fixed in accordance with the remaining provisions hereof, the record date for determining Members entitled to call a special meeting is the date any Member first signs the notice of that meeting. Only business within the purpose or purposes described in the notice (or waiver thereof) required by these Regulations may be conducted at a special meeting of the Members.

(f) Written or printed notice stating the place, day, and hour of the meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, will be delivered not

less than ten nor more than sixty days before the date of the meeting, either personally or by mail,

by or at the direction of the Member or Person calling the meeting, to each Member entitled to vote at such meeting. If mailed, any such notice will be deemed to be delivered when deposited in the

United States mail, addressed to the Member at his address provided for in Section 13.02, with postage thereon prepaid.

(g) The date on which notice of a meeting of Members is mailed or the date on which the resolution of the Member declaring a distribution is adopted, as the case may be, will be the record date for the determination of the Members entitled to notice of or to vote at such meeting, including any adjournment thereof, or the Members entitled to receive such distribution.

(h) The right of Members to cumulative voting in the election of Member is expressly prohibited.

7.02 Voting List. The Member will make, at least ten days before each meeting of Members, a complete list of the Members entitled to vote at such meeting or any adjournment thereof, arranged in alphabetical order, with the address of and the Sharing Ratios held by each, which list, for a period of ten days prior to such meeting, will be kept on file at the registered office or principal place of business of the Company and will be subject to inspection by any Member at any time during usual business hours. Such list will also be produced and kept open at the time and place of the meeting and will be subject to the inspection of any Member during the whole time of the meeting. The original membership records will be prima-facie evidence as to who are the Members entitled to examine such list or transfer records or to vote at any meeting of Members. Failure to comply with the requirements of this Section will not affect the validity of any action taken at the meeting.

7.03 [Reserved].

7.04 Conduct of Meetings. All meetings of the Members will be presided over by the chairman of the meeting, who will be a Manager (or representative thereof) designated by a majority of the Member. The chairman of any meeting of Members will determine the order of business and the procedure at the meeting, including such regulation of the manner of voting and the conduct of discussion as seem to him in order.

7.05 [Reserved]

7.06 Member's Consent Required. Consent of a majority of Members is required, in accordance with Article 2.23(D) of the Act, to: (a) change the status of the Company from one which management is vested in one or more Members, or vice versa; (b) issue any additional Membership Interests in the Company subsequent to the issuance of Membership Interests to the initial Members of the Company; (c) approve any merger, conversion, share or interest exchange, or other transaction authorized by or subject to provisions of Part Ten of the Act; (d) voluntarily cause the dissolution of the Company; (e) authorize any transaction, agreement, or action on behalf of the Company that is unrelated to its purpose as set forth in the Regulations or Certificate of Formation or that otherwise contravenes these Regulations; or (f) authorize any act that would

make it impossible to carry on the ordinary business of the Company.

Pursuant to Article 2.23(G) and (H) of the Act, consent of all of the Members is required to amend the Certificate of Formation if any capital has been paid into the Company. If no capital has been paid into the Company, a majority of the Members or Member may amend the Certificate of Formation.

7.07 Classes of Members; Voting. At an annual or special meeting called for that purpose, the Members may from time to time establish classes or groups of Members. One or more of the Members' groups or classes may have certain expressed relative rights, powers, and duties, including voting rights, to be established at the time when the classes or groups are created, with seniority granted to one or more class or group as designated by the Members.

ARTICLE VIII: INDEMNIFICATION

8.01 Right to Indemnification. Subject to the limitations and conditions as provided in this Article VIII, each Person who was or is made a party or is threatened to be made a party to or is involved in any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, arbitrative or investigative (hereinafter a "Proceeding"), or any appeal in such a Proceeding or any inquiry or investigation that could lead to such a Proceeding, by reason of the fact that he or she, or a Person of whom he or she is the legal representative, is or was a Manager of the Company or while a Manager of the Company is or was serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent, or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise will be indemnified by the Company to the fullest extent permitted by the Act and the TBCA, as the same exist or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Company to provide broader indemnification rights than said law permitted the Company to provide prior to such amendment) against judgments, penalties (including excise and similar taxes and punitive damages), fines, settlements, and reasonable expenses (including, without limitation;-attorney's fees) actually incurred by such Person in connection with such Proceeding, and indemnification under this Article VIII will continue as to a Person who has ceased to serve in the capacity which initially entitled such Person to indemnity hereunder. The rights granted pursuant to this Article VIII will be deemed contract rights, and no amendments, modification or repeal of this Article VIII will have the effect of limiting or denying any such rights with respect to actions taken or Proceeding arising prior to any such amendment, modification, or repeal. It is expressly acknowledged that the indemnification provided in this Article VIII could involve indemnification for negligence or under theories of strict liability.

8.02 Advance Payment. The right to indemnification conferred in this Article VIII will include the right to be paid or reimbursed by the Company the reasonable expenses incurred by a Person of the type entitled to be indemnified under Section 8.01 who was, is or is threatened to be made a named defendant or respondent in a Proceeding in advance of the final disposition of the Proceeding and without any determination as to the Person's ultimate entitlement to indemnification; provided, however, that the payment of such expenses incurred by any such Person in advance of the final disposition of a Proceeding, will be made only upon delivery to

the Company of a written affirmation by such person of his or her good faith belief that he has met the standard of conduct necessary for indemnification under this Article VIII and a written undertaking, by or on behalf of such Person, to repay all amounts so advanced if it will ultimately be determined that such indemnified Person is not entitled to be indemnified under this Article VIII or otherwise.

8.03 Indemnification of Officers, Employees and Agents. The Company, by adoption of a resolution of the Member, may indemnify and advance expenses to an officer, employee, or agent of the Company to the same extent and subject to the same conditions under which it may indemnify and advance expenses to Member under this Article VIII; and, the Company may indemnify and advance expenses to Persons who are not or were not Members, officers, employees, or agents of the Company but who are or were serving at the request of the Company as a Manager, director, officer, partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any liability asserted against him and incurred by him in such a capacity or arising out of his status as such a Person to the same extent that it may indemnify and advance expenses to Member under this Article VIII.

8.04 Appearance as a Witness. Notwithstanding any other provision of this Article VIII, the Company may pay or reimburse expenses incurred by a Manager in connection with his appearance as a witness or other participation in a Proceeding at a time when he is not a named defendant or respondent in the Proceeding.

8.05 Non-exclusivity of Rights. The right to indemnification and the advancement and payment of expenses conferred in this Article VIII will not be exclusive of any other right which a Manager or other Person indemnified pursuant to Section 8.03 may have or hereafter acquire under any law (common or statutory), provision of the Certificate of Formation or these Regulations, agreement, vote of disinterested Member or otherwise.

8.06 Insurance. The Company may purchase and maintain insurance, at its expense, to protect itself and any Person who is or was serving as a Manager, officer, employee or agent of the Company or is or was serving at the request-of the Company as a Manager, director, officer,--partner, venturer, proprietor, trustee, employee, agent or similar functionary of another foreign or domestic limited liability company, corporation, partnership, joint venture, sole proprietorship, trust, employee benefit plan or other enterprise against any expense, liability or loss, whether or not the Company would have the power to indemnify such Person against such expense, liability or loss under this Article VIII.

8.07 Member Notification. To the extent required by law, any indemnification of or advance of expenses to a Manager in accordance with this Article VIII will be reported in writing to the Members with or before the notice or waiver of notice of the next Members' meeting or with or before the next submission to Members of a consent to action without a meeting and, in any case, within the twelve month period immediately following the date of the indemnification or advance.

8.08 Savings Clause. If this Article VIII or any portion hereof will be invalidated on any ground by any court of competent jurisdiction, then the Company will nevertheless indemnify and hold harmless each Manager or any other Person indemnified pursuant to this Article VIII as to costs, charges, and expenses (including attorney's fees), judgments, fines and amounts paid in settlement with respect to any action, suit or Proceeding, whether civil, criminal, administrative or investigative to the full extent permitted by any applicable portion of this Article VIII that will not have been invalidated and to the fullest extent permitted by applicable law.

ARTICLE IX: TAXES

9.01 Tax Returns. The Member will cause to be prepared and filed all necessary federal and state income tax returns for the Company, including making the elections described in Section 9.02. Each Member will furnish to the Member all pertinent information in its possession relating to Company operations that is necessary to enable the Company's income tax returns to be prepared and filed.

9.02 Tax Elections. The Company will make the following elections on the appropriate tax returns:

- (a) to adopt the Company's fiscal year as _____.
- (b) to adopt the cash method of accounting for keeping the Company's books and records;
- (c) if a distribution of Company property as described in Section 734 of the Code occurs or if a transfer of a Membership Interest as described in Section 743 of the Code occurs, on written request of any Member, to elect, pursuant to Section 754 of the Code, to adjust the basis of Company properties;
- (d) to elect to amortize the organizational expenses of the Company and the startup expenditures of the Company under Section 195 of the Code ratably over a period of sixty months as permitted by Section 709(b) of the Code; and
- (e) any other election the Member may deem appropriate and in the best interest of the Members.

Neither the Company-nor any Manager or Member may make an election for the company to be excluded from the application of the provisions of subchapter K of chapter 1 subtitle A of the Code or any similar provisions of applicable state law, and no provision of these Regulations (including, without limitation, Section 2.08) will be construed to sanction or approve such an election.

9.03 "Tax Matters Partner." A majority of the Member will designate one Manager to be the "tax matters partner" of the Company pursuant to Section 6231 (a)(7) of the Code. Any Manager who is designated "tax matters partner" will take such action as may be necessary to cause each Member to become a "notice partner" within the meaning of Section 6223 of the Code. Any Manager who is designated "tax matters partner" will inform each Member of all significant matters that may come to its attention in its capacity as "tax matters partner" by giving notice thereof on or before the fifth Business Day after becoming aware thereof and, within that time, will forward to each

Member copies of all significant written communications it may receive in that capacity. Any Manager who is designated "tax matters partner" may not take action contemplated by Section 6222 through 6232 of the Code without the consent of a Required Interest, but this sentence does not authorize such Manager (or any other Manager) to take any action left to the determination of a Member under Sections 6222 through 6232 of the Code.

ARTICLE X: BOOKS, RECORDS, REPORTS, AND BANK ACCOUNTS

10.01 Maintenance of Books. The Company will keep books and records of accounts and will keep minutes of the proceedings of its Member and each committee of the Member. The books of account for the Company will be maintained on a cash basis in accordance with the terms of these Regulations, except that the capital accounts of the Member will be maintained in accordance with Section 4.06. The calendar year will be the accounting year of the Company.

10.02 Accounts. The Member will establish and maintain one or more separate bank and investment accounts and arrangements for Company funds in the Company name with financial institutions and firms that the Member determines. The Member may not commingle the company's funds with the funds of any Member; however, Company funds may be invested in a manner the same as or similar to the Member's investment of their own funds or investments by their Affiliates.

ARTICLE XI: BANKRUPTCY OF A MEMBER

11.01 Bankrupt Members. Subject to Section 12.01(b), if any Member becomes a Bankrupt Member, the Company will have the option, exercisable by notice from the Member to the Bankrupt Member (or its representative) at any time prior to the 180th day after receipt of notice of the occurrence of the event causing it to become a Bankrupt Member, to buy, and on the exercise of this option the Bankrupt Member or its representative will sell, its Membership Interest. The purchase price will be an amount equal to the fair market value thereof determined by agreement by the Bankrupt Member (or its representative) and the Member; however, if those Persons do not agree on the fair market value on or before the thirtieth day following the exercise of the option, either such Person by notice to the other, may require the determination of fair market value to be made by an independent appraiser specified in that notice. If the Person receiving that notice objects on or before the tenth day following receipt to the independent appraiser designated in that notice, and those Persons otherwise fail to agree on an independent appraiser, either such Person may petition the United States District Judge who is then senior in service, for the District and Division in which the registered office is located, to designate an independent appraiser. The determination of the independent appraiser, however designated, is final and binding on all parties. The Bankrupt Member and the Company each will pay one-half of the costs of the appraisal. The purchaser will pay the fair market value as so determined in four equal cash installments, the first due on closing and the remainder (together with accumulated interest on the amount unpaid at the General Interest Rate) due on each of the first three anniversaries thereof. The payment to be made to the Bankrupt Member or its representative pursuant to this Section 11.01 is in complete liquidation and satisfaction of all the rights and interest of the Bankrupt Member and its representative (and of all Persons claiming by, through, or under the Bankrupt Member and its representative) in and in respect of the Company, including, without limitation, any Membership

Interest, any rights in specific Company property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members, and constitutes a compromise to which all Members have agreed pursuant to Article 5.02(D) of the Act.

ARTICLE XII: DISSOLUTION, LIQUIDATION, AND TERMINATION

12.01 Dissolution. The Company will dissolve and its affairs will be wound up on the first to occur of the following:

- (a) the written consent of a Required Interest; and entry of a decree of judicial dissolution of the Company under Article 6.02 of the Act;
- (b) by the act of the Member, if no capital has been paid into the Company.

Except as provided in Section 12.01(b), the death, expulsion, withdrawal, bankruptcy, or dissolution of the Member, or the occurrence of any other event that terminates the continued membership of the Member in the Company, will not cause a dissolution of the Company.

12.02 Purchase of Former Member's Membership Interest.

(a) Upon events of Section 12.01, excluding Article XI, the Company's books will be closed upon the date of the dissolution event, so as to determine the Former Member's Membership Interest value on the date ending all of the Former Member's financial interest in the Company.

(b) The Company will purchase the Membership Interest at its fair market value thereof, considering the valuation of Membership Interest in Section 12.02(b), as agreed upon the Former Member or its successor in interest and the Member. If these parties cannot agree on the fair market value on or before the thirtieth day following the exercise of the option, either such Person, by notice to the other, may require the determination of fair market value to be made by an independent appraiser specified in that notice. If the Person receiving that notice objects on or before the tenth day following receipt to the independent appraiser designated in that notice, and those Persons otherwise fail to agree on an independent appraiser, either such Person may petition the United States District Judge who is then senior in service, for the District and Division in which the registered office is located, to designate an independent appraiser. The determination of the independent appraiser, however designated, is final and binding on all parties. The Former Member or its successor and the Company each will pay one-half of the costs of the appraisal. The purchaser will pay the fair market value as so determined in four equal cash installments, the first due on closing and the remainder (together with accumulated interest on the amount unpaid at the General Interest Rate) due on each of the first three anniversaries thereof. The payment to be made to the Former Member or its successor in interest pursuant to this Section 12.01 is in complete liquidation and satisfaction of all the rights and interest of the Former Member or its successor in interest in and in respect of the Company, including, without limitation, any Membership Interest, any rights in specific Company property, and any rights against the Company and (insofar as the affairs of the Company are concerned) against the Members, and constitutes a compromise to which all Members have agreed pursuant to Article 5.02(D) of the Act.

12.03 Liquidation and Termination. On dissolution of the Company, the Member will act as liquidator or may appoint one or more Members as liquidator. The liquidator will proceed diligently to wind up the affairs of the Company and make final distributions as provided herein and in the

Act. The costs of liquidation will be borne as a Company expense. Until final distribution, the liquidator will continue to operate the Company properties with all of the power and authority of the Member. The steps to be accomplished by the liquidator are as follows:

(a) as promptly as possible after dissolution and again after final liquidation, the liquidator will cause a proper accounting to be made by a recognized firm of certified public accountants of the Company's assets, liabilities, and operations through the last day of the calendar month in which the dissolution occurs or the final liquidation is completed, as applicable;

(b) the liquidator will cause the notice described in Article 6.05(A)(2) of the Act to be mailed to each known creditor of and claimant against the Company in the manner described in such Article 6.05(A)(2);

(c) the liquidator will pay, satisfy, or discharge from Company funds all of the debts, liabilities, and obligations of the Company (including, without limitation, all expenses incurred in liquidation and any advances described in Section 4.05) or otherwise make adequate provision for payment and discharge thereof (including, without limitation, the establishment of a cash escrow fund for contingent liabilities in such amount and for such term as the liquidator may reasonably determine); and

(d) all remaining assets of the Company will be distributed to the Members as follows:

(i) the liquidator may sell any or all Company property, including to Members, and any resulting gain or loss from each sale will be computed and allocated to the capital accounts of the Members;

(ii) with respect to all Company property that has not been sold, the fair market value of that property will be determined and the capital accounts of the Members will be adjusted to reflect the manner in which the unrealized income, gain, loss, and deduction inherent in property that has not been reflected in the capital accounts previously would be allocated among the Members if there were a taxable disposition of that property for the fair market value of that property on the date of distribution; and

(iii) Company property will be distributed among the Members in accordance with the positive capital account balances of the Members, as determined after taking into account all capital account adjustments for the taxable year of the Company during which the liquidation of the company occurs (other than those made by reason of this clause (iii)); and those distributions will be made by the end of the taxable year of the Company during which the liquidation of the Company occurs (or, if later, ninety days after the date of liquidation).

All distributions in kind to the Members will be made subject to the liability of each distributee for

costs, expenses, and liabilities theretofore incurred or for which the Company has committed prior to the date of termination and those costs, expenses, and liabilities will be allocated to the distributee pursuant to this Section 12.03. Upon completion of all distributions to the Member, such distribution will constitute a complete return to the Member of its Capital Contributions and release all claims against the Company and will constitute a compromise to which all Members have consented within the meaning of Article 5.02(D) of the Act. To the extent that a Member returns funds to the Company, it has no claim against any other Member for those funds.

12.04 Deficit Capital Accounts. Notwithstanding anything to the contrary contained in these Regulations, and notwithstanding any custom or rule of law to the contrary, to the extent that the deficit, if any, in the capital account of any Member results from or is attributable to deductions and losses of the Company (including non-cash items such as depreciation), or distributions of money pursuant to these Regulations to all Members in proportion to their respective Sharing Ratios, upon dissolution of the Company such deficit will not be an asset of the Company and such Members will not be obligated to contribute such amount to the Company to bring the balance of such Member's capital account to zero.

12.05 Articles of Dissolution. On completion of the distribution of Company assets as provided herein, the Company is terminated, and the Member (or such other Person or Persons as the Act may require or permit) will file Articles of Dissolution pursuant to Articles 6.07 and 6.08 of the Act with the Secretary of State of Texas along with a certificate from the comptroller that all franchise taxes have been paid, cancel any other filings made pursuant to Section 2.05, and take such other actions as may be necessary to terminate the Company.

ARTICLE XIII: GENERAL PROVISIONS

13.01 Offset. Whenever the Company is to pay any sum to any Member, any amounts that Member owes the Company may be deducted from that sum before payment.

13.02 Notices. Except as expressly set forth to the contrary in these Regulations, all notices, requests, or consents provided for or permitted to be given under these Regulations must be in writing and must be given either by depositing that writing in the United States mail, addressed to the recipient, postage paid, and registered or certified with return receipt requested or by delivering that writing to the recipient in person, by courier, or by facsimile transmission; and a notice, request, or consent given under these Regulations is effective on receipt by the Person to receive it. All notices, requests, and consents to be sent to a Member must be sent to or made at the addresses given for that Member on Exhibit A or in the instrument described in Section 3.03(c) or 3.04, or such other address as that Member may specify by notice to the other Members. Any notice, request, or consent to the Company or the Member must be given to the Member at the following address: 1110 Broadway, Marble Falls, Texas 78654. Whenever any notice is required to be given by law, the Certificate of Formation or these Regulations, a written waiver thereof, signed by the Person entitled to notice, whether before or after the time stated therein, will be deemed equivalent to the giving of such notice.

13.03 Entire Agreement; Supersedes Other Agreements. These Regulations include the entire agreement of the Members and their Affiliates relating to the Company and supersedes

all prior contracts or agreements with respect to the Company, whether oral or written.

13.04 Effect of Waiver or Consent. A waiver or consent, express or implied, to or of any breach or default by any Person in the performance by that Person of its obligations with respect to the Company is not a consent or waiver to or of any other breach or default in the performance by that Person of the same or any other obligations of that Person with respect to the Company. Failure on the part of a Person to complain of any act of any Person or to declare any Person in default with respect to the Company, irrespective of how long that failure continues, does not constitute a waiver by that Person of its rights with respect to that default until the applicable statute-of-limitations period has run.

13.05 Amendment or Modification. These Regulations may be amended or modified from time to time only by a written instrument adopted by the Member and executed and agreed to by a Required Interest; provided, however, that (a) an amendment or modification reducing a Member's Sharing Ratio or increasing its Commitment (other than to reflect changes otherwise provided by these Regulations) is effective only with that Member's consent, (b) an amendment or modification reducing the required Sharing Ratio or other measure for any consent or vote in these Regulations is effective only with the consent or vote of Members having the Sharing Ratio or other measure theretofore required, and (c) amendments of the type described in Section 3.04 may be adopted as herein provided, (d) amendments to establish the relative rights and preferences of the Membership Interests of any class or series may be made by a committee of Member, within the authority of Member or otherwise provided in the Certificate of Formation, the BOC, the Act, or resolutions by Members forming the committee.

13.06 Binding Effect. Subject to the restrictions on Dispositions set forth in these Regulations, these Regulations are binding on and inure to the benefit of the Members and their respective heirs, legal representatives, successors, and assigns.

13.07 Governing Law; Severability. THESE REGULATIONS ARE GOVERNED BY AND WILL BE CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE OF TEXAS, EXCLUDING ANY CONFLICT-OF-LAWS RULE OR PRINCIPLE THAT MIGHT REFER THE GOVERNANCE OR THE CONSTRUCTION OF THESE REGULATIONS TO THE LAW OF ANOTHER JURISDICTION. In the event of a direct conflict between the provisions of these Regulations and (a) any provision of the Certificate of Formation, or (b) any mandatory provision of the BOC, the Act or (to the extent such statutes are incorporated into the Act) the TBCA or the Texas Miscellaneous Corporation Laws Act, the application provision of the Certificate of Formation, the BOC, the Act, the TBCA or the Texas Miscellaneous Corporation Laws Act will control. If any provision of these Regulations or the application thereof to any Person or circumstance is held invalid or unenforceable to any extent, the remainder of these Regulations and the application of that provision to other Persons or circumstances is not affected thereby and that provision will be enforced to the greatest extent permitted by law.

13.08 Further Assurances. In connection with these Regulations and the transactions contemplated hereby, each Member will execute and deliver any additional documents and instruments and perform any additional acts that may be necessary or appropriate to effectuate and perform the provisions of these Regulations and those transactions.

13.09 Waiver of Certain Rights. Each Member irrevocably waives any right it may have to

maintain any action for dissolution of the Company or for partition of the property of the Company.

13.10 Indemnification. To the fullest extent permitted by law, each Member will indemnify the Company, each Manager and each other Member and hold them harmless from and against all losses, costs, liabilities, damages, and expenses (including, without limitation, costs of suit and attorney's fees) they may incur on account of any breach by that Member of these Regulations.

13.11 Notice to Members of Provisions of this Agreement. By executing these Regulations, each Member acknowledges that it has actual notice of (a) all of the provisions of this agreement, including, without limitation, the restrictions on the transfer of Membership Interests set forth in Article III, and (b) all of the provisions of the Certificate of Formation, including, without limitation, the fact that the Certificate of Formation provide that no Member will have the preemptive right to acquire any Membership Interests or securities of any class that may at any time be issued, sold or offered for sale by the Company. Except as otherwise expressly provided by law, each Member hereby agrees that these Regulations constitute adequate notice of all such provisions, including, without limitation, any notice requirement under Article 2.19(D) of the TBCA and Chapter 8 of the Texas Uniform Commercial Code, and each Member hereby waives any requirement that any further notice thereunder be given.

13.12 Counterparts. These Regulations may be executed in any number of counterparts with the same effect as if all signing parties had signed the same instrument. Following the adoption of these Regulations for the Company by the Sole Member, the Member has executed these Regulations effective October __, 2024.

[Signature Page Follows]

MEMBER:

By: Manor Housing Public Facility Corporation

By Dr. Christopher Harvey
President

Attest:

By Lluvia Almaraz
Secretary

CERTIFICATION

I HEREBY CERTIFY that I am the current acting President of the Board of Directors of the Manor Housing Public Facility Corporation, sole managing member of MHPFC TRGP1, LLC, these twenty-eight (28) pages are a full, true and correct copy of the Regulations as adopted by the Corporation's Board of Directors and approved by the Board of Commissioners of the Texas Housing Foundation on October 10, 2024.

By Dr. Christopher Harvey
President

Attest:

By Lluvia Almaraz
Secretary