

RESOLUTION NO. 22-027

RESOLUTION AUTHORIZING AND APPROVING THE ISSUANCE, SALE AND DELIVERY OF TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS MULTIFAMILY HOUSING REVENUE BONDS (PALLADIUM EAST BERRY STREET) SERIES 2022; APPROVING THE FORM AND SUBSTANCE AND AUTHORIZING THE EXECUTION AND DELIVERY OF DOCUMENTS AND INSTRUMENTS PERTAINING THERETO; AUTHORIZING AND RATIFYING OTHER ACTIONS AND DOCUMENTS; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Texas Department of Housing and Community Affairs (the "Department") has been duly created and organized pursuant to and in accordance with the provisions of Chapter 2306, Texas Government Code, as amended (the "Act"), for the purpose, among others, of providing a means of financing the costs of residential ownership, development, construction and rehabilitation that will provide decent, safe, and affordable living environments for individuals and families of low, very low and extremely low income (as defined in the Act) and families of moderate income (as described in the Act and determined by the Governing Board of the Department (the "Board") from time to time); and

WHEREAS, the Act authorizes the Department: (a) to make mortgage loans to housing sponsors to provide financing for multifamily residential rental housing in the State of Texas (the "State") intended to be occupied by individuals and families of low, very low and extremely low income and families of moderate income, as determined by the Department; (b) to issue its revenue bonds, for the purpose, among others, of obtaining funds to make such loans and provide financing, to establish necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such bonds; and (c) to pledge all or any part of the revenues, receipts or resources of the Department, including the revenues and receipts to be received by the Department from such multifamily residential rental development loans, and to mortgage, pledge or grant security interests in such loans or other property of the Department in order to secure the payment of the principal or redemption price of and interest on such bonds; and

WHEREAS, the Board has determined to authorize the issuance of its Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the "Bonds") pursuant to and in accordance with the terms of a Trust Indenture (the "Indenture") between the Department and Wilmington Trust, National Association, as trustee (the "Trustee"), for the purpose of providing funds in connection with the financing of the Development (defined below), all under and in accordance with the Constitution and laws of the State; and

WHEREAS, the Department desires to use the proceeds of the Bonds to fund a mortgage loan to Palladium East Berry, Ltd., a Texas limited partnership (the "Borrower"), in connection with the acquisition, construction and equipping of a qualified residential rental development described in Exhibit A attached hereto (the "Development") located within the State and

required by the Act to be occupied by individuals and families of low and very low income and families of moderate income, as determined by the Department; and

WHEREAS, the Board, by resolution adopted on September 2, 2021, declared its intent to issue its revenue bonds or notes to provide financing for the Development; and

WHEREAS, the Borrower has requested and received a reservation of private activity bond allocation from the State of Texas; and;

WHEREAS, it is anticipated that the Department, Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as purchaser (the "Purchaser"), and the Borrower will execute and deliver a Loan Agreement (the "Loan Agreement") pursuant to which (i) the Department will agree to make a mortgage loan funded with the proceeds of the Bonds (the "Loan") to the Borrower to enable the Borrower to finance the acquisition, construction and equipping of the Development and related costs, and (ii) the Borrower will execute and deliver to the Department a promissory note (the "Borrower Note") in an original principal amount equal to the original aggregate principal amount of the Bonds, and providing for payment of interest on such principal amount equal to the interest on the Bonds and to pay other costs described in the Loan Agreement; and

WHEREAS, it is anticipated that the obligations of the Borrower under the Loan Agreement will be secured by a Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing (the "Bond Mortgage") from the Borrower for the benefit of the Department and assigned to the Trustee; and

WHEREAS, the Department's rights (except for certain unassigned rights) under the Indenture, the Loan Agreement, the Borrower Note and the Bond Mortgage will be assigned to the Trustee pursuant to an Assignment of Deed of Trust Documents (the "Assignment") from the Department to the Trustee; and

WHEREAS, with respect to the Bonds, the Board has determined that the Department, the Trustee and the Borrower will execute a Regulatory and Land Use Restriction Agreement (the "Regulatory Agreement") with respect to the Development, which will be filed of record in the real property records of Tarrant County, Texas; and

WHEREAS, in order to assure compliance with Section 103 and 141 through 150 of the Code, the Board has determined that the Department, the Trustee and the Borrower will execute a Tax Exemption Certificate and Agreement (the "Tax Exemption Agreement"), in connection with the Bonds, pursuant to which the Department and the Borrower will make certifications, representations and covenants relating to the treatment of the interest on the Bonds as exempt from gross income for federal income tax purposes; and

WHEREAS, capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture; and

WHEREAS, the Board has examined proposed forms of (a) the Indenture, the Loan Agreement, the Regulatory Agreement, the Assignment, and the Tax Exemption Agreement (collectively, the "Issuer Documents"), all of which are attached to and comprise a part of this Resolution and (b) the Bond Mortgage and the Borrower Note; has found the form and substance of such documents to be satisfactory and proper and the recitals contained therein to be true, correct and complete; and has determined, subject to the conditions set forth in Article 1, to authorize the issuance of the Bonds, the execution and delivery of the Issuer Documents, the acceptance of the Bond Mortgage and the Borrower Note and the taking of such other actions as may be necessary or convenient in connection therewith;

NOW, THEREFORE, BE IT RESOLVED BY THE GOVERNING BOARD OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS:

ARTICLE 1

ISSUANCE OF BONDS; APPROVAL OF DOCUMENTS

Section 1.1 Issuance, Execution and Delivery of the Bonds. That the issuance of the Bonds is hereby authorized pursuant to the Act, including particularly Section 2306.353 thereof, all under and in accordance with the conditions set forth herein and in the Indenture, and that, upon execution and delivery of the Indenture, the Authorized Representatives of the Department named in this Resolution are each hereby authorized to execute, attest and affix the Department's seal to the Bonds and to deliver the Bonds to the Attorney General of the State (the "Attorney General") for approval, the Comptroller of Public Accounts of the State for registration and the Trustee for authentication (to the extent required in the Indenture), and thereafter to deliver the Bonds to or upon the order of the Purchaser.

Section 1.2 Interest Rate, Principal Amount, Maturity and Price. That (i) the Bonds shall bear interest at the Index Interest Rate, as defined in the Indenture and subject to adjustment as described in the Indenture; provided that in no event shall the interest rate (including any default rate) exceed the maximum interest rate permitted by applicable law; (ii) the aggregate principal amount of the Bonds shall be \$26,092,000; (iii) the final maturity of the Bonds shall occur on July 20, 2040; and (iv) the price at which the Bonds are sold to the Purchaser shall be the principal amount thereof.

Section 1.3 Approval, Execution and Delivery of the Indenture. That the form and substance of the Indenture are hereby approved, and that the Authorized Representatives are each hereby authorized to execute the Indenture, and to deliver the Indenture to the Trustee.

Section 1.4 Approval, Execution and Delivery of the Loan Agreement. That the form and substance of the Loan Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Loan Agreement, and to deliver the Loan Agreement to the Borrower.

Section 1.5 Approval, Execution and Delivery of the Regulatory Agreement. That the form and substance of the Regulatory Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Regulatory Agreement, and to deliver the Regulatory Agreement to the Borrower and the Trustee and to cause the Regulatory Agreement to be filed of record in the real property records of Tarrant County, Texas.

Section 1.6 Approval, Execution and Delivery of the Tax Exemption Agreement. That the form and substance of the Tax Exemption Agreement are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Tax Exemption Agreement, and to deliver the Tax Exemption Agreement to the Borrower and the Trustee.

Section 1.7 Reserved.

Section 1.8 Reserved.

Section 1.9 Reserved.

Section 1.10 Acceptance of the Borrower Note and the Bond Mortgage. That the form and substance of the Borrower Note and the Bond Mortgage are hereby accepted by the Department and that the Authorized Representatives each are hereby authorized to endorse and deliver the Borrower Note to the order of the Trustee without recourse.

Section 1.11 Approval, Execution and Delivery of the Assignment. That the form and substance of the Assignment are hereby approved, and that the Authorized Representatives each are hereby authorized to execute the Assignment, and to deliver the Assignment to the Trustee.

Section 1.12 Reserved.

Section 1.13 Taking of Any Action; Execution and Delivery of Other Documents. That the Authorized Representatives are each hereby authorized to take any actions and to execute, attest and affix the Department's seal to, and to deliver to the appropriate parties, all such other agreements, commitments, assignments, bonds, certificates, contracts, documents, instruments, releases, financing statements, letters of instruction, notices of acceptance, written requests and other papers, whether or not mentioned herein, as they or any of them consider to be necessary or convenient to carry out or assist in carrying out the purposes of this Resolution.

Section 1.14 Power to Revise Form of Documents. That, notwithstanding any other provision of this Resolution, the Authorized Representatives are each hereby authorized to make or approve such revisions in the form of the documents attached hereto as exhibits as, in the judgment of such Authorized Representative, and in the opinion of Bracewell LLP, Bond Counsel to the Department ("Bond Counsel"), may be necessary or convenient to carry out or

assist in carrying out the purposes of this Resolution, such approval to be evidenced by the execution of such documents by the Authorized Representatives.

Section 1.15 Exhibits Incorporated Herein. That all of the terms and provisions of each of the documents listed below as an exhibit shall be and are hereby incorporated into and made a part of this Resolution for all purposes:

- Exhibit B - Indenture
- Exhibit C - Loan Agreement
- Exhibit D - Regulatory Agreement
- Exhibit E - Borrower Note
- Exhibit F - Bond Mortgage
- Exhibit G - Assignment
- Exhibit H - Tax Exemption Agreement

Section 1.16 Authorized Representatives. That the following persons are each hereby named as authorized representatives of the Department for purposes of executing, attesting, affixing the Department's seal to, and delivering the documents and instruments and taking the other actions referred to in this Article 1: the Chair or Vice Chair of the Board, the Executive Director of the Department, the Director of Administration of the Department, the Director of Financial Administration of the Department, the Interim Director of Bond Finance of the Department, the Director of Multifamily Bonds of the Department, the Director of Texas Homeownership of the Department, and the Secretary or any Assistant Secretary to the Board. Such persons are referred to herein collectively as the "Authorized Representatives." Any one of the Authorized Representatives is authorized to act individually as set forth in this Resolution.

ARTICLE 2

APPROVAL AND RATIFICATION OF CERTAIN ACTIONS

Section 2.1 Approval and Ratification of Application to Texas Bond Review Board. That the Board hereby ratifies and approves the submission of the application for approval of state bonds to the Texas Bond Review Board on behalf of the Department in connection with the issuance of the Bonds in accordance with Chapter 1231, Texas Government Code.

Section 2.2 Approval of Submission to the Attorney General. That the Board hereby authorizes, and approves the submission by Bond Counsel to the Attorney General, for his approval, of a transcript of legal proceedings relating to the issuance, sale and delivery of the Bonds.

Section 2.3 Certification of the Minutes and Records. That the Secretary or Assistant Secretary to the Board hereby is authorized to certify and authenticate minutes and other records on behalf of the Department for the Bonds and all other Department activities.

Section 2.4 Reserved.

Section 2.5 Authority to Invest Proceeds. That the Department is authorized to invest and reinvest the proceeds of the Bonds and the fees and revenues to be received in connection with the financing of the Development in accordance with the Indenture and the Tax Exemption Agreement and to enter into any agreements relating thereto only to the extent permitted by the Indenture and the Tax Exemption Agreement.

Section 2.6 Reserved.

Section 2.7 Engagement of Other Professionals. That the Executive Director of the Department or any successor is authorized to engage auditors to perform such functions, audits, yield calculations and subsequent investigations as necessary or appropriate to comply with the requirements of Bond Counsel, provided such engagement is done in accordance with applicable law of the State.

Section 2.8 Ratifying Other Actions. That all other actions taken by the Executive Director of the Department and the Department staff in connection with the issuance of the Bonds and the financing of the Development are hereby ratified and confirmed.

ARTICLE 3

CERTAIN FINDINGS AND DETERMINATIONS

Section 3.1 Findings of the Board. That in accordance with Section 2306.223 of the Act and after the Department's consideration of the information with respect to the Development and the information with respect to the proposed financing of the Development by the Department, including but not limited to the information submitted by the Borrower, independent studies commissioned by the Department, recommendations of the Department staff and such other information as it deems relevant, the Board hereby finds:

(a) Need for Housing Development.

(i) that the Development is necessary to provide needed decent, safe, and sanitary housing at rentals or prices that individuals or families of low and very low income or families of moderate income can afford,

(ii) that the financing of the Development is a public purpose and will provide a public benefit, and

(iii) that the Development will be undertaken within the authority granted by the Act to the housing finance division and the Borrower.

(b) Findings with Respect to the Borrower.

(i) that the Borrower, by operating the Development in accordance with the requirements of the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, will supply well-planned and well-designed housing for individuals or families of low and very low income or families of moderate income,

(ii) that the Borrower is financially responsible, and

(iii) that the Borrower is not, and will not enter into a contract for the Development with, a housing developer that (A) is on the Department's debarred list, including any parts of that list that are derived from the debarred list of the United States Department of Housing and Urban Development; (B) breached a contract with a public agency; or (C) misrepresented to a subcontractor the extent to which the developer has benefited from contracts or financial assistance that has been awarded by a public agency, including the scope of the developer's participation in contracts with the agency and the amount of financial assistance awarded to the developer by the Department.

(c) Public Purpose and Benefits.

(i) that the Borrower has agreed to operate the Development in accordance with the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, which require, among other things, that the Development be occupied by individuals and families of low and very low income and families of moderate income, and

(ii) that the issuance of the Bonds in connection with the financing of the Development is undertaken within the authority conferred by the Act and will accomplish a valid public purpose and will provide a public benefit by assisting individuals and families of low and very low income and families of moderate income in the State to obtain decent, safe, and sanitary housing by financing costs of the Development, thereby helping to maintain a fully adequate supply of sanitary and safe dwelling accommodations at rents that such individuals and families can afford.

Section 3.2 Determination of Eligible Tenants. That the Board has determined, to the extent permitted by law and after consideration of such evidence and factors as it deems relevant, the findings of the staff of the Department, the laws applicable to the Department and the provisions of the Act, that eligible tenants for the Development shall be (1) individuals and families of low and very low income, (2) persons with special needs, and (3) families of moderate income, with the income limits as set forth in the Tax Exemption Agreement and the Regulatory Agreement.

Section 3.3 Sufficiency of Loan Interest Rate. That, in accordance with Section 2306.226 of the Act, the Board hereby finds and determines that the interest rate on the Loan

established pursuant to the Loan Agreement will produce the amounts required, together with other available funds, to pay for the Department's costs of operation with respect to the Bonds and the Development and enable the Department to meet its covenants with and responsibilities to the holders of the Bonds.

Section 3.4 No Gain Allowed. That, in accordance with Section 2306.498 of the Act, no member of the Board or employee of the Department may purchase the Bonds in the secondary open market for municipal securities.

ARTICLE 4

GENERAL PROVISIONS

Section 4.1 Limited Obligations. That the Bonds and the interest thereon shall be special limited obligations of the Department payable solely from the trust estate created under the Indenture, including the revenues and funds of the Department 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 Department.

Section 4.2 Non-Governmental Obligations. That the Bonds shall not be and do not create or constitute in any way an obligation, a debt or a liability of the State or create or constitute a pledge, giving or lending of the faith or credit or taxing power of the State. Each Bond shall contain on its face a statement to the effect that the State is not obligated to pay the principal thereof or interest thereon and that neither the faith or credit nor the taxing power of the State is pledged, given or loaned to such payment.

Section 4.3 Effective Date. That this Resolution shall be in full force and effect from and upon its adoption.

Section 4.4 Notice of Meeting. This Resolution was considered and adopted at a meeting of the Governing Board that was noticed, convened, and conducted in full compliance with the Texas Open Meetings Act, Chapter 551 of the Texas Government Code, and with Section 2306.032 of the Texas Government Code, regarding meetings of the Governing Board.

PASSED AND APPROVED this 16th day of June, 2022.

EXHIBIT A

Description of Development

Borrower: Palladium East Berry, Ltd., a Texas limited partnership

Development: The Development is a 240-unit affordable, multifamily housing development known as Palladium East Berry Street, located at 2350 East Berry Street, Fort Worth, Tarrant County, Texas 76105. It consists of eight (8) residential apartment buildings with approximately 234,357 net rentable square feet. The unit mix will consist of:

57	one-bedroom/one-bath units
117	two-bedroom/two-bath units
66	three-bedroom/two-bath units
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240	Total Units

Unit sizes will range from approximately 751 square feet to approximately 1,165 square feet.

TRUST INDENTURE

By and Between

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

and

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

Dated as of July 1, 2022

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Palladium East Berry Street)
Series 2022**

ARTICLE I DEFINITIONS AND CONSTRUCTION	4
Section 1.01 Definitions.....	4
Section 1.02 Rules of Construction.....	16
ARTICLE II CREATION OF BONDS; DETAILS OF THE BONDS	17
Section 2.01 Authorization and Terms of Bonds	17
Section 2.02 Source of Payment of Bonds.....	19
Section 2.03 Execution of Bonds	19
Section 2.04 Certificate of Authentication.....	19
Section 2.05 Authentication and Delivery of Bonds.....	20
Section 2.06 Mutilated, Lost, Stolen or Destroyed Bonds	20
Section 2.07 Registration, Negotiability, Transfer and Exchange of Bonds	21
Section 2.08 Obligation of Issuer Limited	22
Section 2.09 Cancellation and Destruction of Bonds	23
ARTICLE III REDEMPTION AND CONVERSION	23
Section 3.01 Reserved.....	23
Section 3.02 Mandatory Redemption.....	23
Section 3.03 Redemption Price.....	24
Section 3.04 Partial Redemption of Bonds.....	24
Section 3.05 Notice of Redemption.....	25
Section 3.06 Payment of Redeemed Bonds.....	26
Section 3.07 Reserved.....	26
Section 3.08 Conversion Notice.....	27
Section 3.09 Revisions to Amortization Schedule.....	27
ARTICLE IV REVENUES AND FUNDS.....	27
Section 4.01 Creation of Funds and Accounts	27
Section 4.02 Deposits into the Bond Fund; Use of Moneys in Bond Fund	28
Section 4.03 Custody of the Bond Fund	29
Section 4.04 Non-Presentment of Bonds	29
Section 4.05 Payment to Borrower of Excess Moneys in Bond Fund	29
Section 4.06 Expense Fund.....	29
Section 4.07 Rebate Fund	30
Section 4.08 Costs of Issuance Fund	30
Section 4.09 Reserved.....	30

ARTICLE V CUSTODY AND APPLICATION OF PROJECT FUND	30
Section 5.01 Custody and Application of Bond Proceeds	30
Section 5.02 Procedure for Making Disbursements from Project Fund	30
Section 5.03 Trustee May Rely on Requisitions and Certifications	31
Section 5.04 Completion of Project	31
Section 5.05 Disposition of Moneys in Project Fund After Completion of Project	31
ARTICLE VI INVESTMENT OF FUNDS AND ACCOUNTS	32
Section 6.01 Investment of Funds	32
Section 6.02 Investment of Rebate Fund	33
Section 6.03 Accounting for Termination of Investments; No Arbitrage.....	33
Section 6.04 Trustee’s Own Bond or Investment Department	33
Section 6.05 Moneys to be Held in Trust.....	33
ARTICLE VII GENERAL COVENANTS	34
Section 7.01 Payment of Bonds	34
Section 7.02 Performance of Covenants	34
Section 7.03 Maintenance of Existence; Compliance with Laws	34
Section 7.04 Enforcement of Borrower’s Obligations.....	34
Section 7.05 Further Assurances, Instruments and Actions.....	35
Section 7.06 Priority of Pledge	35
Section 7.07 Books and Documents Open to Inspection	35
Section 7.08 Borrower to Indemnify and Hold Issuer and Trustee Harmless from Liability	35
Section 7.09 Tax-Exempt Status of Bonds	35
ARTICLE VIII DISCHARGE.....	36
Section 8.01 Release of Indenture.....	36
Section 8.02 Payment and Discharge of Bonds.....	36
Section 8.03 Survival of Certain Provisions.....	37
ARTICLE IX DEFAULTS AND REMEDIES	37
Section 9.01 Events of Default and Acceleration	37
Section 9.02 Trustee to Enforce Rights of Issuer.....	38
Section 9.03 Remedies in Addition to Acceleration	39
Section 9.04 Termination of Proceedings	39

Section 9.05	Right of Bondholders to Direct Proceedings	39
Section 9.06	Right of Servicer to Direct Proceedings.....	40
Section 9.07	Remedies Vested in Trustee.....	40
Section 9.08	Remedies Non-Exclusive and Cumulative.....	40
Section 9.09	Delays or Omissions by Trustee	40
Section 9.10	Application of Moneys.....	40
Section 9.11	Severability of Remedies	42
ARTICLE X THE TRUSTEE		42
Section 10.01	Acceptance of Trusts.....	42
Section 10.02	Trustee Not Responsible for Recitals, Statements and Representations	42
Section 10.03	Action by Trustee Through and Reliance Upon Others.....	42
Section 10.04	Fees and Expenses of Trustee	43
Section 10.05	Trustee’s Obligations to Take or Have Notice of Default	43
Section 10.06	Duties of Trustee	43
Section 10.07	Trustee May Make Advances to Effect Performance	46
Section 10.08	Trustee May Rely Upon Instruments	47
Section 10.09	Trustee May Own and Deal in Bonds and Deal With Issuer and Borrower	47
Section 10.10	Financial Liability of the Trustee.....	47
Section 10.11	Trustee May Construe Ambiguous or Inconsistent Provisions.....	47
Section 10.12	Resignation of Trustee	48
Section 10.13	Removal of Trustee	48
Section 10.14	Appointment of Successor Trustee	48
Section 10.15	Appointment of Successor Trustee by Court	48
Section 10.16	Acceptance of Trust by Successor Trustee	49
Section 10.17	Merger or Consolidation of Trustee with Another Corporation	49
Section 10.18	Intentionally Omitted.	49
Section 10.19	Notice of an Event of Default	49
Section 10.20	Trustee May Intervene	49
Section 10.21	Unclaimed Moneys	49
Section 10.22	Appointment of Co-Trustee	50
Section 10.23	Financing Statements	50

ARTICLE XI MODIFICATION OF INDENTURE AND OTHER DOCUMENTS	51
Section 11.01 Limitation on Amendments to this Indenture	51
Section 11.02 Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders.....	51
Section 11.03 Amendments to Indenture Requiring Consent of Bondholders.	52
Section 11.04 Supplemental Indentures Part of Indenture.....	53
Section 11.05 Required Consent.....	53
Section 11.06 Amendments to Documents Requiring Consent of Bondholders	53
ARTICLE XII MISCELLANEOUS.....	54
Section 12.01 Issuer’s Successors.....	54
Section 12.02 Indenture for Benefit of Issuer, Trustee and Bondholders.....	54
Section 12.03 Severability	54
Section 12.04 Officials of Issuer Not Liable.....	54
Section 12.05 Governing Law; Jurisdiction.....	54
Section 12.06 Notices; Publication of Notice.	55
Section 12.07 Trustee as Paying Agent and Bond Registrar	55
Section 12.08 Execution of Instruments by Bondholders and Proof of Ownership of Bonds.....	55
Section 12.09 Counterparts	56
Section 12.10 U.S.A. Patriot Act Requirements of the Trustee.....	56
Section 12.11 Dispute Resolution.....	56
Section 12.12 Compliance with Texas Government Code	56
 EXHIBIT A: FORM OF BOND	
EXHIBIT B: FORM OF REQUISITION	
EXHIBIT C: FORM OF INVESTOR LETTER	
EXHIBIT D: FORM OF CONVERSION NOTICE	

TRUST INDENTURE

THIS TRUST INDENTURE is entered into as of July 1, 2022 (this “**Indenture**”), by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the “**Issuer**”), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, as trustee (together with any successor trustee hereunder, the “**Trustee**”).

RECITALS

Certain of the terms and words used in these Recitals, and in the following Granting Clauses and Agreements, are defined in Section 1.01 of this Indenture.

The Issuer is authorized under the Chapter 2306, Texas Government Code, as amended (the “**Act**”) to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

Palladium East Berry, Ltd., a Texas limited partnership (the “**Borrower**”), intends to construct certain Improvements on the Land which will include a multifamily apartment housing facility consisting of a total of 240 units and related personal property and equipment to be known as Palladium East Berry Street (the “**Project**”); and

Pursuant to, and in accordance with the Act, the Issuer has determined to issue and sell its Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “**Bonds**”), and use the proceeds thereof to make a mortgage loan to the Borrower, upon the terms and conditions of that certain Loan Agreement dated as of the same date as this Indenture among the Issuer, Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as Purchaser (the “**Purchaser**”) and the Borrower (the “**Loan Agreement**”) and a promissory note dated the Closing Date from the Borrower to the Issuer in the original principal amount of \$26,092,000 in the form attached as *Exhibit B* to the Loan Agreement (the “**Note**”), for the purpose of paying a portion of the costs of the acquisition, construction and equipping of the Project; and

The Borrower has delivered the Note to the Issuer, evidencing the Borrower’s obligation to repay the Bond Loan (as hereinafter defined). The Issuer has made the Bond Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture, including the terms and conditions thereof and hereof governing the disbursement of advances and the investment earnings thereon; and

As security for the Bonds, the Issuer intends to assign to the Trustee the Note and all of the Issuer’s rights under the Loan Agreement and the Deed of Trust (other than the Reserved Rights of the Issuer); and

To provide and secure amounts to repay the Bond Loan (as hereinafter defined) made by the Issuer, the Borrower has executed the Loan Agreement, a Deed of Trust and other documents executed and delivered for the purpose of securing the Bond Loan; and

The obligations of the Borrower under the Loan Agreement and the Note will be secured by (i) the proceeds of the Bonds deposited into the Project Fund created pursuant to Section 4.01 of this Indenture; and (ii) the Trust Estate; and

The Trustee has agreed to accept the trusts herein created upon the terms set forth herein; and

The issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Loan Agreement have been in all respects duly and validly authorized in accordance with the Act.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds issued and sold by the Issuer under this Indenture by the Holders thereof, in order to secure the payment of the principal of and interest on the 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 Bonds and the payment and performance of all other of the Issuer's Obligations, the Issuer does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Trustee and unto its successors in trust forever, and grants to the Trustee and to its successors in trust, a security interest in, the following (such property being herein referred to as the "**Trust Estate**"):

I.

All right, title and interest of the Issuer in and to all Revenues, derived or to be derived by the Issuer or the Trustee for the account of the Issuer under the terms of this Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer), together with all other Revenues received by the Trustee for the account of the Issuer arising out of or on account of the Trust Estate;

II.

All right, title and interest of the Issuer in and to the Note and the Deed of Trust (other than the Reserved Rights of the Issuer) including all payments and proceeds with respect thereto or replacement thereof;

III.

All moneys which are at any time or from time to time on deposit in any fund or account created under this Indenture (excluding funds in the Costs of Issuance Fund and the Rebate Fund);

IV.

All right, title and interest of the Issuer in and to, and rights and remedies under, the Indenture and the Loan Agreement (other than the Reserved Rights of the Issuer); and

V.

All funds, moneys 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 Bonds 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 hereof;

PROVIDED, HOWEVER, that there shall be excluded from the granting clauses of this Indenture all the Reserved Rights of the Issuer, including all amounts paid or collected by the Issuer in connection therewith, and all amounts on deposit in the Rebate Fund, which shall be held for the sole benefit of the United States of America;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in trust forever.

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 Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds.

PROVIDED, HOWEVER, that if the Issuer shall well and truly pay, or cause to be paid, the principal of the Bonds issued hereunder, and interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, according to the true intent and meaning thereof, and shall cause the payments to be made into the Bond Fund as required under Article VIII hereof or by depositing with the Trustee the entire amount due or to become due thereon, and shall well and truly keep, perform and observe all of the covenants and conditions pursuant to the terms of this Indenture and all other of the Issuer's Obligations to be kept, performed and observed by it, the Rebate Amount shall be paid in full and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payment, as further provided in Section 8.01 hereof, and the termination of the Loan Agreement, this Indenture and the rights hereby granted shall cease, terminate and be void; otherwise, this Indenture shall remain in full force and effect.

AND IT IS EXPRESSLY DECLARED that all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all such property, moneys, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Trustee and with the respective holders from time to time of the Bonds, or any part thereof, as follows:

ARTICLE I

DEFINITIONS AND CONSTRUCTION

Section 1.01 Definitions. Certain terms used in this Indenture are defined in the Loan Agreement or the Regulatory Agreement and when and if used herein, such terms shall have the meanings given to them by the Loan Agreement or the Regulatory Agreement unless the context clearly indicates otherwise. In addition, when used in this Indenture, the following terms shall have the meanings given to them in this Section unless the context clearly indicates otherwise:

“**Act**” has the meaning set forth for such term in the recitals to this Indenture.

“**Additions**” means any and all alterations, additions, accessions and improvements to property, substitutions therefor, and renewals and replacements thereof.

“**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.

“**Amortization Schedule**” means the amortization schedule attached as *Exhibit C* to the Loan Agreement, as it may be revised from time to time pursuant to Section 3.09 of this Indenture.

“**Approved Transferee**” means (1) a “qualified institutional buyer” as that term is defined in Rule 144A promulgated under the Securities Act of 1933, as in effect on the date hereof (the “Securities Act”), or (2) an “accredited investor” as that term is defined in Rule 501(a)(1), (2), (3), (7), or (8) of Regulation D promulgated under the Securities Act.

“**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 managing member of the Borrower, 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 Thomas E. Huth.

“**Authorized Denomination**” means \$100,000, or any integral multiple of \$5,000 in excess thereof.

“**Authorized Officer**” means the Chair or Vice Chair of the Board, the Executive Director of the Issuer, the Director of Administration of the Issuer, the Director of Financial Administration of the Issuer, the Director of Bond Finance and Chief Investment Officer of the Issuer, the Director of Multifamily Bonds of the Issuer, the Director of Texas Homeownership of the Issuer, and the Secretary or Assistant Secretary to the Board.

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

“Board” means the Governing Board of the Issuer.

“Bond Counsel” means nationally recognized bond counsel who is selected by, and under contract to provide such services to, the Issuer and initially means Bracewell LLP.

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

“Bond Loan” means the loan by the Issuer to the Borrower in the principal amount of \$26,092,000 made by the Issuer to the Borrower evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

“Bond Payment Date” means each Interest Payment Date and any other date interest or principal on the Bonds are due, whether at maturity, upon redemption, acceleration or otherwise.

“Bond Purchase Fund” means the Bond Purchase Fund created pursuant to Section 4.01 hereof.

“Bond Year” has the meaning as set forth in the Tax Exemption Agreement.

“Bondholder” or **“Holder of the Bonds”** or **“Holder”** or **“Owner of the Bonds”** or **“Owner”** when used with respect to any Bond, means the person or persons in whose name such Bond is registered as the owner thereof on the books of the Issuer maintained at the Trust Office for that purpose, and initially shall mean the Purchaser.

“Bonds” means the Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022, issued, authenticated and delivered under this Trust Indenture, which are identified as such in Section 2.01(a) hereof.

“Borrower” means Palladium East Berry, Ltd., a Texas limited partnership, its successors and assigns.

“Borrower Documents” means the Loan Agreement, the Note, the Tax Exemption Agreement, the Regulatory Agreement, the Continuing Covenants Agreement, the Loan Documents, the Organizational Documents and any and all documents, agreements or instruments executed by the Borrower in connection with the Bond Loan evidenced by the Loan Agreement.

“Borrower’s Obligations” means the obligations of the Borrower under the Loan Agreement, the Note, and the other Borrower Documents to (a) pay the principal of, and interest on the Note, when and as the same shall become due and payable (whether at the stated maturity thereof, on any payment date or by acceleration of maturity or otherwise), (b) pay all other amounts required by the Loan Agreement, the Note, and the other Borrower Documents to be paid by the Borrower to the Issuer, as and when the same shall become due and payable, and (c) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Borrower is required by the Loan Agreement, the Note, the Regulatory Agreement, and any of the other Borrower Documents, to perform or observe.

“Business Day” or “business day” means a day, other than a Saturday or Sunday, on which (a) banks located in New York, New York, or in the city in which the Trustee or the Purchaser is located, are not required or authorized by law or executive order to close for business, and (b) the New York Stock Exchange is not closed.

“Calculation Agent” means the Majority Owner, or any other Person appointed by the Bondholder to serve as calculation agent for the Bonds.

“Closing Date” means the date of initial delivery of the Bonds to the Purchaser in exchange for the purchase price thereof.

“Code” has the meaning set forth for such term in the Regulatory Agreement.

“Completion Certificate” means a certificate submitted by an Authorized Borrower Representative to the Issuer and the Trustee as provided in Section 3.5 of the Loan Agreement.

“Completion Date” has the meaning set forth for such term in the Completion Certificate.

“Comptroller” means the Comptroller of Public Accounts of the State of Texas.

“Computation Date” means the date that is two (2) Business Days immediately preceding each Interest Payment Date.

“Continuing Covenants Agreement” means the Continuing Covenants Agreement dated as of the Closing Date between the Borrower and the Purchaser.

“Conversion” has the meaning set forth in the Continuing Covenants Agreement.

“Conversion Conditions” means the conditions to Conversion as set forth in the Continuing Covenants Agreement.

“Conversion Date” means the date specified by the Purchaser in the Conversion Notice after the Project meets the Conversion Conditions.

“Conversion Notice” has the meaning given to such term in Section 3.08 hereof.

“Costs of Issuance” has the meaning set forth in the Tax Exemption Agreement.

“Costs of Issuance Deposit” means the deposit in the amount of \$[_____] which is to be funded by the Borrower into the Costs of Issuance Fund pursuant to Section 4.08 hereof and Section 4.2 of the Loan Agreement.

“Costs of Issuance Fund” means the Costs of Issuance Fund created pursuant to Section 4.01 hereof.

“Deed of Trust” means the Deed of Trust, Assignment, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated the Closing Date, granted by the Borrower with respect to the Project to a trustee named therein, for the benefit of the Issuer (and assigned to the

Trustee) as security for the Bonds, as the same may be amended, modified or supplemented from time to time.

“Designated Office” of the Trustee, the Issuer or the Purchaser means, respectively, the office of the Trustee, the Issuer or the Purchaser at the respective Notice Address set forth in this Section 1.01 or at such other address as may be specified in writing by the Trustee, the Issuer or the Purchaser, as applicable, as provided in Section 12.06 hereof.

“Determination of Taxability” means (a) a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of a Holder of the Bonds for Federal income tax purposes (other than an Holder who is a “substantial user” or “related person” to a “substantial user” within the meaning of Section 147(a) of the Code); or (b) the enactment of federal legislation that would cause interest on the Bonds to be includable in gross income for federal income tax purposes; provided, that no such decree, judgment, or action under (a) will be considered final for this purpose unless the Borrower has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Holder of a Bond, and until the conclusion of any appellate review, if sought.

“Disbursing Agreement” means that certain Disbursing Agreement dated as of the Closing Date, among the Borrower, the Purchaser, the Title Company and the Trustee.

“Documents” means and shall include (without limitation), with respect to the Bonds, this Indenture, the Loan Agreement, the Note, the Regulatory Agreement, the Tax Exemption Agreement, the Loan Documents and any and all other documents which the Issuer, the Borrower or any other party or parties or their representatives, have executed and delivered, or may hereafter execute and deliver, to evidence or secure the Issuer’s Obligations or the Borrower’s Obligations, or any part thereof, or in connection therewith, and any and all Supplements thereto.

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

(a) The proceeds of the Bonds (including any additional amount paid by the Purchaser to the Trustee as the purchase price of the Bonds);

(b) Money received by the Trustee representing payments under the Swap Agreement;

(c) Any other amounts for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or 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;

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

(e) 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

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

“Eligible Investments” means, subject to the provisions of Section 6.01 hereof, any of the following investments that mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture:

(1) Governmental Obligations; and

(2) to the extent permitted in Section 6.01 hereof, shares or units in any money market mutual fund rated “Aaa-mf” by Moody’s (or if Moody’s is not the Rating Agency or a new rating scale is implemented, the equivalent Rating Category given by the Rating Agency for that general category of security) at the time of purchase and whose investment portfolio consists solely of Governmental Obligations including, without limitation, any mutual fund for which the Trustee or an Affiliate of the Trustee serves as investment manager, advisor, administrator, shareholder, servicing agent and/or custodian or subcustodian; and

(3) Obligations of any state or political subdivision of any state, which (i) are rated at the time of purchase in the Highest Rating Category by the Rating Agency and (ii) have an interest accrual period, interest payment dates and principal payment dates that provide for timely payments in amounts sufficient to meet the payment obligations under this Indenture.

“Equity Investor” means PNC Bank, National Association, a national banking association, and its successors or assigns.

“Event of Default” or “Default” means, when used in this Indenture, those events of default or defaults specified in Section 9.01 hereof and, when used in the Loan Agreement, those events of default or defaults specified in Section 7.01 thereof.

“Expense Fund” means the Expense Fund created pursuant to Section 4.01 hereof.

“Governmental Obligations” means direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of Treasury), and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by the United States of America.

“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.

“Housing Trust Fund Loan” means the loan of certain funds from the national Housing Trust Fund Program in the maximum principal amount of [\$3,000,000] by the Texas Department

of Housing and Community Affairs, a public and official agency of the State of Texas, to the Borrower, as evidenced and secured by a mortgage encumbering the Project.

“Improvements” means all structures or buildings now or hereafter erected or placed on the Land, including, without limitation, the Project, and all Additions thereto.

“Indenture” means this Trust Indenture, dated as of July 1, 2022, between the Issuer and the Trustee, and any and all Supplements thereto.

“Independent” means any person not an employee or officer of the Borrower or its affiliates.

“Index Interest Rate” means for each Interest Period, a per annum rate equal to the sum of (a) the SOFR Rate, plus (b) one-and-seventy-hundredths percent (1.70%), as determined by the Calculation Agent in accordance with Section 2.01(d) hereof and in all cases not to exceed the Maximum Interest Rate.

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

“Interest Payment Date” means the twentieth (20th) day of each calendar month, commencing on August 20, 2022.

“Interest Period” means, initially, the period from the Closing Date to but not including August 19, 2022, and thereafter, the period commencing on the nineteenth (19th) day of each month and ending on the eighteenth (18th) day of the next month.

“Issuer” means the Texas Department of Housing and Community Affairs, a public and official agency of the State, and its successors and assigns.

“Issuer Documents” means the Loan Agreement, this Indenture, the Regulatory Agreement, the Tax Exemption Agreement and any and all documents, agreements or instruments executed by the Issuer in connection with the Bond Loan evidenced by the Loan Agreement.

“Issuer Administration Fee” means the fee payable annually in advance to the Issuer on each July 1, in the amount of 0.10% per annum of the aggregate principal amount of Bonds Outstanding at the inception of each payment period. On the Closing Date, the Borrower will pay the Issuer Administration Fee in advance to the Issuer for the period from the Closing Date to June 30, 2024. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), payable solely from funds provided by the Borrower, all payments of the Issuer Administration Fee due on or after July 1, 2024.

“Issuer Compliance Fee” means the fee payable annually in advance to the Issuer on each July 1, in the amount of \$25 per Low-Income Unit (as defined in the Regulatory Agreement) in the Project, for the duration of the State Restrictive Period (as defined in the Regulatory Agreement). The first annual Issuer Compliance Fee shall be paid on the Closing Date. The Trustee will remit to the Issuer (upon receipt of an invoice from the Issuer), solely from funds provided by the Borrower, all payments of the Issuer Compliance Fee due on or after July 1, 2025.

The Issuer Compliance Fee is for bond compliance only, and an additional fee may be charged for tax credit compliance.

“Issuer’s Fees” means, collectively, the Issuer Administration Fee and the Issuer Compliance Fee.

“Issuer’s Obligations” means the obligations of the Issuer under the Bonds, this Indenture, and the other Documents to pay the principal of and interest on the Bonds (including supplemental interest), when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise), but solely from amounts available in the Trust Estate.

“Land” shall mean the parcel of real property located in Fort Worth, Texas, on which the Project is located, as more particularly described in the recitals of the Loan Agreement.

“Loan Agreement” means the Loan Agreement dated as of the same date as this Indenture, among the Issuer, the Purchaser and the Borrower and any and all Supplements thereto.

“Loan Documents” shall have the meaning assigned to such term in the Continuing Covenants Agreement.

“Loan Payments” means the amounts required to be paid by the Borrower in repayment of the Bond Loan pursuant to the provisions of the Note and Section 4.2 of the Loan Agreement.

“Local Time” means Central Time (daylight or standard, as applicable) in the State.

“Majority Owner” means the Person who owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, or, if no single person owns at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds, the person who is designated in writing to exercise the powers of “Servicer” and “Majority Owner” hereunder by persons who collectively own at least fifty-one percent (51%) in aggregate principal amount of Outstanding Bonds.

“Maturity Date” means July 20, 2040.

“Maximum Interest Rate” means the interest rate equal to the lesser of: (a) 12% per annum, or (b) the maximum interest rate that may be paid on the Bonds under State law pursuant to Chapter 1204 of the Texas Government Code.

“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 Holder.

“Note” means the Promissory Note dated the Closing Date from the Borrower to the Issuer in substantially the form attached as *Exhibit B* to the Loan Agreement, and any amendments, Supplements or modifications thereto, which Note has been assigned by the Issuer to the Trustee.

“Notice Address” means, unless otherwise designated pursuant to Section 12.06 hereof:

(a) As to the Issuer:

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds
Telephone: (512) 475-3344
Email: teresa.morales@tdhca.state.tx.us

(b) As to the Trustee:

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248
Attention: Corporate Trust Department
Telephone: (972) 383-3121
Facsimile: (972) 385-0844
E-mail: kwhite4@wilmingtontrust.com

(c) As to the Borrower:

Palladium East Berry, Ltd.
c/o Palladium USA International, Inc.
13455 Noel Road, Suite 400
Dallas, Texas 75240
Attention: Thomas E. Huth
Telephone: (972) 774-4400
Facsimile: (972) 774-4484
E-mail: tom@palladiumusa.com

With a copy to:

Shackelford, Bowen, McKinley & Norton, LLP
9201 N. Central Expressway, Fourth Floor
Dallas, Texas 75231
Attention: John C. Shackelford
Telephone: (214) 780-1414
Facsimile: (214) 780-1401
E-mail: jshack@shackelford.law

(d) As to the Equity Investor:

PNC Bank, National Association
121 S.W. Morrison Street, Suite 1300
Portland, Oregon 97204-3143
Attn: Fund Manager

With a copy to:

Nixon Peabody LLP
799 9th Street NW Suite 500
Washington, DC 20001-5327
Attention: Matthew W. Mullen

(e) As to the Purchaser:

Cedar Rapids Bank and Trust Company
500 First Avenue Northeast
Cedar Rapids, Iowa 52401
Attention: Sam Kramer
Telephone Number: (319) 743-7122
Telecopier Number: (319) 862-0918
Email: skramer@crbt.com

With a copy to:

Winthrop & Weinstine
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402
Attention: Holly A. Stocker
Telephone Number: (612) 604-6490
Telecopier Number: (612) 604-6990
Email: hstocker@winthrop.com

“Organizational Documents” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of the Closing Date, as the foregoing may be amended, modified, supplemented or restated from time to time.

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

“Outstanding,” “outstanding” or “Bonds Outstanding” when used with respect to the Bonds means any Bonds theretofore authenticated and delivered under this Indenture, except:

(a) Bonds theretofore canceled by the Trustee or theretofore delivered to the Trustee for cancellation;

(b) Bonds for the payment of which moneys or obligations shall have been theretofore deposited with the Trustee in accordance with Article VIII; or

(c) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Indenture.

“Person” shall include an individual, association, unincorporated organization, corporation, partnership, joint venture, trust, or government or agency or political subdivision or public body thereof.

“Permanent Loan Amount” shall mean \$[_____].

“Prepayment Fee” has the meaning set forth in the Continuing Covenants Agreement.

“Project” has the meaning described in the recitals.

“Project Costs” has the meaning set forth in the Tax Exemption Agreement.

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

“Purchaser” means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation.

“Qualified Project Costs” has the meaning set forth in the Tax Exemption Agreement.

“Rating Agency” means Moody’s or S&P.

“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” has the meaning set forth in the Tax Exemption Agreement.

“Rebate Analyst” has the meaning set forth in the Tax Exemption Agreement. The initial Rebate Analyst will be Dauby O’Conner & Zaleski, LLC.

“Rebate Fund” means the Rebate Fund created in Section 4.01 hereof.

“Record Date” means the 15th day of the month preceding the date on which interest is due and payable.

“Redemption Date” means any date hereunder on which the Bonds are to be redeemed, including (a) the Maturity Date, (b) the date of acceleration of the Bonds, or (c) pursuant to Section 3.02 hereof.

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement relating to the Project, of even date herewith, by and among the Issuer, the Trustee, and the Borrower, as it may be amended, supplemented or restated from time to time.

“Requisition” means the request to make a disbursement from the Project Fund in the manner provided pursuant to Section 5.02 hereof.

“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 the Issuer’s Fees; (c) all rights of the Issuer to receive any Rebate Amount (as defined in the Tax Exemption Agreement) required to be rebated to the United States of America under the Code in connection with the Bonds, as described in the Tax Exemption Agreement; (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 Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement; (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 Loan Agreement, in the Tax Exemption Agreement and in the Regulatory Agreement; (f) any and all rights, remedies and limitations of liability of the Issuer set forth in this Indenture, the Loan Agreement, the Regulatory Agreement, the Tax Exemption Agreement, or the Deed of Trust, 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 Regulatory Agreement, the Tax Exemption Agreement, the Deed of Trust or the Note, (4) no liability of the Issuer to third parties, and (5) 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 Regulatory Agreement, the Tax Exemption Agreement, the Deed of Trust and the Note; and (h) any and all limitations of the Issuer’s liability and the Issuer’s disclaimers of warranties set forth in this Indenture, the Regulatory Agreement, the Tax Exemption 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.

“Revenues” means (a) the Loan Payments, (b) all other money received or to be received by the Trustee in respect of repayment of the Bond Loan, including without limitation, all money and investments in the Bond Fund, (c) any money and investments in the Project Fund, and (d) 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, amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer.

“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 Purchaser or the Majority Owner.

“Securities Depository” means the Depository Trust Company, its successors and assigns, or any other securities depository for the Bonds designated by the Issuer or the Borrower to the Trustee in writing.

“Servicer” means the Purchaser, or, if the Purchaser appoints a separate entity to be the servicer, such servicer. During any other times as no servicer has been appointed pursuant to Section 7.11 hereof, all references herein and in the Documents to the Servicer shall be deemed to refer to the Majority Owner.

“Servicing Agreement” means any servicing agreement entered into between the Purchaser or the Majority Owner and the Servicer, as the same may be amended, modified or supplemented from time to time.

“SOFR Rate” means the Secured Overnight Financing Rate for United States Dollars for a term of one month which appears on CME Group Benchmark Administration Limited (CBA) (or any generally recognized successor method of means of production) on the day that is two (2) Business Days prior to each Interest Payment Date. Lender’s internal records of applicable interest rates shall be determinative in the absence of manifest error. In the event that the SOFR Rate is no longer available or deemed an appropriate reference rate, the interest rate index adopted as the fallback protocol published by the International Swaps and Derivatives Association, Inc. (“ISDA”) for purposes of implementing an alternative rate index under the Swap Documents (the “ISDA Fallback Protocol”), the index and the calculation period set forth in the ISDA Fallback Protocol shall be the replacement interest rate hereunder (the “New Index”), and Lender may adjust the margin applicable to the New Index, if required by the ISDA Fallback Protocol. The New Index is not necessarily the lowest rate charged by Lender on its loans. If the New Index becomes unavailable during the term of the Bond Loan, Purchaser may designate a substitute index, and potentially adjust the margin applicable to such substitute index, after notifying Borrower, Trustee and the Issuer. In any event, the adoption of a New Index or any other substitute index will be conditioned upon the receipt of a Favorable Opinion of Bond Counsel (as defined in the Tax Exemption Agreement). Lender shall notify Borrower, Trustee and Issuer of the current index rate upon Borrower’s request.

“Special Funds” means, collectively, the Bond Fund and the Project Fund, and any accounts therein.

“State” means the State of Texas.

“Supplement” or “Supplements” means any and all extensions, renewals, modifications, amendments, supplements and substitutions.

“Swap Agreement” means (i) that certain ISDA Master Agreement dated July 1, 2022, the related Schedule thereto, and each Confirmation thereunder, each between Swap Counterparty and Borrower, and (ii) any other interest rate exchange, hedge or similar agreement, entered into in order to hedge or manage the interest payable on all or a portion of the Bonds, whether then existing or to be entered into, between the Borrower and the Swap Counterparty, as such agreements may be amended, supplemented or substituted from time to time.

“Swap Counterparty” means Cedar Rapids Bank and Trust Company and its permitted successors and assigns during the term of the initial Swap Agreement and thereafter any Person entering into a Swap Agreement with the Borrower.

“Swap Documents” means the Swap Agreement, the Swap Mortgage and any and all other documents, agreements or instruments executed by the Borrower in connection with the Swap Agreement.

“Swap Mortgage” means the SWAP Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated July 1, 2022, from the Borrower for the benefit of the Swap Counterparty as security for the Borrower’s obligations under the Swap Agreement.

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

“Taxable Rate” means a rate of interest per annum equal to the sum of (a) the SOFR Rate, plus (b) two and six-tenths percent (2.60%), in any case not to exceed the Maximum Interest Rate.

“Trustee” means Wilmington Trust, National Association, a national banking association, and its successor or successors in the trust created by this Indenture.

“Trustee’s Fees” means (i) the Trustee’s initial fee of \$2,000, payable on the Closing Date from moneys in the Costs of Issuance Fund pursuant to Section 4.08 hereof; (ii) the Trustee’s ongoing fee of \$4,500, payable annually in advance beginning on the Closing Date and thereafter on each June 1, which shall be paid by the Borrower from moneys other than from the Trust Estate; (iii) the reasonable fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under this Indenture as and when the same become due, including reasonable counsel fees (including in house counsel fees and fees prior to litigation, at trial, in insolvency proceedings or for appellate proceedings); provided, further, that the Trustee shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Trustee shall have been made; and (iv) for purposes of the Loan Agreement, indemnification of the Trustee by the Borrower.

“Title Company” means Chicago Title of Texas, LLC.

“Trust Estate” has the meaning given such term in the Granting Clauses of this Trust Indenture.

“Trust Office” means the trust office of the Trustee located at 15950 North Dallas Parkway, Suite 550, Dallas, Texas 75248 or such other office designated by the Trustee from time to time, or such other offices as may be specified in writing to the Issuer by the Trustee.

Section 1.02 Rules of Construction. The words “hereof,” “herein,” “hereunder,” “hereto,” and other words of similar import refer to this Indenture in its entirety.

The terms “agree” and “agreements” contained herein are intended to include and mean “covenant” and “covenants.”

References to Articles, Sections, and other subdivisions of this Indenture are to the designated Articles, Sections, and other subdivisions of this Indenture.

The headings of this Indenture are for convenience only and shall not define or limit the provisions hereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code and applicable Income Tax Regulations shall include any successor provisions of law or regulations, to the extent the same shall apply to the Bonds.

Any reference to a Bond or to the Bonds shall include each portion in the minimum authorized denomination of any registered bond having a denomination greater than the minimum authorized denomination.

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

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

ARTICLE II

CREATION OF BONDS; DETAILS OF THE BONDS

Section 2.01 *Authorization and Terms of Bonds.*

(a) *Authorization of Bonds.* The Issuer hereby authorizes for issuance under this Indenture, bonds in the original aggregate principal amount of \$26,092,000, which shall be designated “Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022” shall be in Authorized Denominations, and shall be dated the Closing Date to be issued as hereinafter provided.

(b) *Registered Form; Numbering; Initial Bond.* The Bonds shall be issuable only as fully registered Bonds in Authorized Denominations, substantially in the form, appropriately completed, attached hereto as Exhibit A and made a part hereof. The Bonds shall be lettered “R” and shall be numbered separately from “1” consecutively upwards except for the Initial Bond which shall be numbered I-1.

The Initial Bond shall be identical to the Form of Bond attached as Exhibit A; provided, the Initial Bond shall be payable to the Purchaser and registered by the Comptroller. The provisions of Exhibit A may be rearranged or re-ordered for purposes of the Initial Bond.

(c) *Date, Denominations, Dates from Which Interest Payable, Interest Rate and Maturity.* The Bonds shall be dated the Closing Date, shall be issued in Authorized Denominations, and 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 for each Interest Period at the Index Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year and the actual number of days elapsed. The Bonds shall mature on the Maturity Date, subject to prior redemption as set forth in Section 3.02 hereof

(d) *Index Interest Rate.* During each Interest Period, the Calculation Agent shall determine the Index Interest Rate on each Computation Date, and such rate shall become effective on the Interest Payment Date next succeeding the Computation Date. Promptly following the determination and confirmation of the Index Interest Rate, the Calculation Agent shall give notice thereof to the Trustee, the Issuer and the Borrower, and the Trustee promptly shall give notice thereof by first class mail to the Bondholders. If the Index Interest Rate is not determined by the Calculation Agent on a Computation Date, the rate of interest borne on the Bonds shall be the rate in effect for the immediately preceding Interest Period until the Calculation Agent next determines the Index Interest Rate.

(e) *Taxable Rate.* Upon the occurrence of a Determination of Taxability, the amount owed to the Owners will be equal to (i) an additional amount equal to the difference between (A) the amount of interest paid on the Bonds during the taxable period, and (B) the amount of interest at the Taxable Rate that would have been paid on the Bonds during the taxable period had the Bonds borne interest at the Taxable Rate, plus (ii) an amount equal to any interest, penalties on overdue interest and additions to tax owed by the Owners as a result of the occurrence of a Determination of Taxability. This provision shall survive the discharge of this Indenture pursuant to Article VIII hereof.

(f) Reserved.

(g) *Medium and Place of Payment.* Principal of and interest on the Bonds shall be payable in lawful money of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, but only from the Revenues and any other monies made available to the Issuer for such purpose. Principal of the Bonds shall be payable at the Trust Office upon presentation and surrender of the Bonds as the same become due, and upon the request of any registered owner of Bonds on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, such principal shall be paid by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee. Interest on the Bonds shall be payable to the registered Owners of the Bonds by check or draft mailed to such Owners at their addresses as they appear on registration books kept by the Trustee as Bond Registrar, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of \$1,000,000 or more, by wire transfer of

immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee at least ten (10) Business Days prior to the applicable Record Date.

(h) *Form of Bonds.* The definitive Bonds, which may be printed, typewritten, photocopied, or otherwise reproduced, including the Trustee's Certificate of Authentication to be endorsed thereon, shall be substantially in the form as set forth in Exhibit A attached hereto with such appropriate variations, omissions and insertions as permitted or required by this Indenture.

(i) *Payments or Actions to be taken on Saturdays, Sundays and Holidays.* In any case where the date of any action required hereunder to be taken or the date of maturity of interest on or principal of the Bonds, shall not be a Business Day, then payment of interest or principal or the taking of such action need not be made or taken on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or the date such action was to be taken.

Section 2.02 *Source of Payment of Bonds.* The Issuer shall be obligated to pay the principal of and the interest on the Bonds only out of (a) the Revenues pledged for the payment thereof under this Indenture, (b) the amounts held in any fund or account created under this Indenture, other than amounts held in the Rebate Fund and the Costs of Issuance Fund, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer. All the Bonds to be issued hereunder shall be equally and ratably secured, to the extent provided herein, by this Indenture.

Section 2.03 *Execution of Bonds.* The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chair or Vice Chair of the Issuer, and the seal of the Issuer or a facsimile thereof shall be impressed or otherwise reproduced thereon and attested by the manual or facsimile signature of an authorized officer of the Issuer. In case any authorized officer of the Issuer whose signature or a facsimile of whose signature shall appear on any of the Bonds shall cease to be an authorized officer of the Issuer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if such authorized officer of the Issuer had remained in office until delivery. Furthermore, it shall not be necessary that the same authorized officer of the Issuer sign all of the Bonds that may be issued hereunder at any one time or from time to time.

Section 2.04 *Certificate of Authentication.* Only such Bonds, other than the Initial Bond, as shall have endorsed thereon a certificate of authentication substantially in the form set forth in the form of the Bond herein provided and duly executed by the Trustee shall be entitled to any right or benefit under this Trust Indenture. No Bond, other than the Initial Bond, shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if manually signed by an authorized officer of the Trustee, but it shall not be necessary that the same person sign the certificate of authentication on all of the Bonds issued hereunder. At the time of authentication of any Bond, the Trustee shall insert therein the date from which interest on such Bond shall be payable as provided in Section 2.01(c).

Section 2.05 ***Authentication and Delivery of Bonds.*** The Issuer shall execute and deliver to the Trustee, and the Trustee shall authenticate the Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer as provided in this Section.

Prior to the authentication by the Trustee of the Bonds, there shall have been filed or deposited with the Trustee (which may be in electronic form):

(a) A copy, certified by an Authorized Officer of the Issuer, of all resolutions adopted and proceedings had by the Issuer relating to the Bonds, authorizing the execution, delivery and performance of this Indenture and the Loan Agreement;

(b) A copy of a fully-executed counterpart of this Indenture;

(c) Copies of fully-executed counterparts of the Loan Agreement, the Regulatory Agreement and the Tax Exemption Agreement, and the fully executed Note;

(d) An opinion of Bond Counsel with respect to the excludability of interest payable on the Bonds from gross income for federal income tax purposes;

(e) An Opinion of Counsel addressed to the Issuer and the Trustee, of a law firm or law firms (who may be independent counsel) to the effect that the Bonds and the documents specifically listed in the definition of Documents have been duly executed and delivered by the parties thereto and constitute valid and binding obligations of such parties, enforceable against such parties in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally, and with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose;

(f) A request and authorization signed by an Authorized Officer of the Issuer authorizing the Trustee to authenticate and to deliver the Bonds to the Purchaser therein identified upon payment to the Trustee for the account of the Issuer of the amount specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery;

(g) The Costs of Issuance Deposit;

(h) An executed Investor Letter from the Purchaser substantially in the form attached hereto as Exhibit C.

The proceeds from the sale of the Bonds shall be paid over directly to the Trustee and deposited to the credit of the Project Fund, as provided under Article V hereof.

Section 2.06 ***Mutilated, Lost, Stolen or Destroyed Bonds.*** In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate and denomination as that of the Bond mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. The

Trustee may, with the consent of the Holder, provide to the Holder a typewritten (or similarly reproduced) Bond certificate in lieu of a printed Bond certificate. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Trustee may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond their expenses and reasonable fees, if any, in connection with the preparation, execution and authentication of a replacement Bond.

Section 2.07 *Registration, Negotiability, Transfer and Exchange of Bonds.* All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain outstanding, the Issuer shall maintain and keep at the Trust Office, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Issuer or the Trustee may prescribe, any Bond entitled to registration or transfer.

Each Bond shall be transferable only upon the books of the Issuer maintained for such purpose by the Trustee, at the written request of the registered Owner thereof or his attorney duly authorized in writing, upon presentation and surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered Owner or his attorney duly authorized in writing. Upon the surrender for transfer of any Bond, the Issuer shall issue, and the Trustee shall authenticate, in the name of the transferee, in Authorized Denominations, a new Bond or Bonds without coupons of the same aggregate principal amount, series, maturity and interest rate as the surrendered Bond.

The Issuer and the Trustee may deem and treat the Person in whose name any Outstanding registered Bond shall be registered upon the books of the Issuer as the absolute Owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal of and interest on such Bond and for all other purposes, and all such payments so made to any such registered Owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

If the Bonds are redeemed in part, then upon the presentation and surrender of each Bond, the Trustee shall authenticate and deliver in exchange for such Bond, a new Bond or Bonds of the same series, maturity and interest rate and in any Authorized Denomination, in an aggregate principal amount equal to the unredeemed portion of such Bond or Bonds. Notwithstanding the foregoing, if following the Conversion Date, a Bond held by the Purchaser is redeemed in part, such partial redemption may be noted on such Bond and the Trustee shall not be obligated to authenticate and deliver any replacement Bond.

For every exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer which sum or sums shall be paid by the Person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture to the contrary, any expenses of the Issuer or the Trustee incurred in connection

therewith (except any applicable tax or other governmental charge) shall be paid by the Borrower as required by the Loan Agreement. The Issuer shall not be obligated to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an Interest Payment Date on the Bonds.

No transfer of a Bond (or any interest therein) shall be made except to an Approved Transferee who shall furnish to the Trustee and the Issuer an Investor Letter substantially in the form set forth in Exhibit C hereto. The Trustee and the Issuer shall be entitled to rely, without inquiry, on the statements on such Investor Letter.

Each purchaser acknowledges that each Bond will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO A PERSON WHO IS A "QIB" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (B) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) (EACH AN "APPROVED TRANSFEREE", AND COLLECTIVELY, "APPROVED TRANSFEREES"), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE TRANSFEREE SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

Section 2.08 ***Obligation of Issuer Limited.*** The Bonds, together with interest thereon, do not constitute an indebtedness to which the faith and credit of the Issuer or the State are pledged but are limited obligations of the Issuer payable from (a) the Revenues pledged for the payment thereof under this Trust Indenture, (b) the amounts held in any fund or account created under this Trust Indenture, other than amounts held in the Costs of Issuance Fund and the Rebate Fund, and (c) from any other moneys held pursuant to the Trust Estate, and shall be a valid claim of the respective Holders thereof only against the Trust Estate, which is hereby assigned for the equal and ratable payment of the Bonds and the interest thereon and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME

DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.** The foregoing statement of limitation shall appear on the face of each Bond.

Section 2.09 *Cancellation and Destruction of Bonds.* All Bonds which have been surrendered for payment, cancellation or for registration of transfer or exchange pursuant to Section 2.08 hereof shall be cancelled and destroyed by the Trustee and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer and, upon written request therefor, to the Borrower. Any Bonds so cancelled may be retained by the Trustee for such period of time as the Trustee may determine and shall be destroyed by the Trustee at the end of such period. Any Bond so cancelled shall thereafter no longer be considered Outstanding for any purpose of this Indenture or the Loan Agreement.

ARTICLE III

REDEMPTION AND CONVERSION

Section 3.01 *Reserved.*

Section 3.02 *Mandatory Redemption.*

(a) Reserved.

(b) On the Conversion Date. The Bonds shall be subject to mandatory redemption in part on the Conversion Date in an amount equal to the difference between (i) principal amount of the Bonds then Outstanding, and (ii) the Permanent Loan Amount, as provided in Section 3.03 hereof. Following redemption, the Trustee shall cancel the portion of the Bonds redeemed in accordance with Section 2.09 hereof.

(c) Following the Conversion Date.

(i) *Mandatory Sinking Fund Redemption.* The Bonds shall be subject to mandatory redemption prior to maturity on each Payment Date beginning on twentieth (20th) day of the first month following the Conversion Date, at a redemption price equal to 100% of the principal amount thereof (plus accrued interest to the date of redemption) from mandatory sinking fund installments which are required to be made in amounts sufficient to redeem the Bonds on the dates and in the principal amounts set forth in the Amortization Schedule.

(ii) *Mandatory Redemption Upon Determination of Taxability.* Upon a Determination of Taxability with respect to the Bonds, the Bonds are subject to mandatory redemption in whole, but not in part, at a redemption price equal to 100% of the Outstanding principal amount thereof, plus accrued interest at the Taxable Rate to the redemption date. Such redemption shall occur on the earliest practicable date selected by the Bondholder but in no event later than five (5) Business Days following the notification to the Bondholder of a Determination of Taxability.

Section 3.03 *Redemption Price.*

With respect to the redemption as described in Section 3.02(b) hereof, the redemption price for the Bonds shall be equal to 100% of the Outstanding principal amount thereof, plus accrued interest on such principal amount to the redemption date, and shall be payable from amounts delivered by the Borrower to the Trustee pursuant to Section 4.2(d) of the Loan Agreement, and deposited into the Bond Fund, and, to the extent such funds are insufficient, the Project Fund or other Eligible Funds hereunder.

Section 3.04 *Partial Redemption of Bonds.*

In the case of a partial redemption of Bonds when Bonds of denominations greater than \$5,000 are then Outstanding, each \$5,000 unit of face value of principal thereof shall be treated as though it were a separate Bond of the denomination of \$5,000. If it is determined that one or more, but not all of the \$5,000 units of face value represented by a Bond are to be called for redemption, then upon notice of redemption of a \$5,000 unit or units, the Holder of that Bond shall surrender the Bond to the Trustee (a) for payment of the redemption price of the \$5,000 unit or units of face value called for redemption (including without limitation, the interest accrued to the date fixed for redemption and any premium), and (b) for issuance, without charge to the Holder thereof, of a new Bond or Bonds of the same series, of any Authorized Denomination in an aggregate principal amount equal to the unmatured and unredeemed portion of, and bearing interest at the same rate and maturing on the same date as, the Bond surrendered.

If less than all of an Outstanding Bond of one maturity in a Book-Entry System is to be called for redemption, the Trustee shall give notice to the Securities Depository or the nominee of the Securities Depository that is the Holder of such Bond, and the selection of the Beneficial Owners of that Bond to be redeemed shall be at the sole discretion of the Securities Depository and its participants.

Section 3.05 *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 (in whole or in part) but has not been presented and surrendered to the Trustee within 60 days following the date fixed for redemption of that Bond.

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

- (a) the 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, in the case of partial redemption, 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.

Notices of redemption shall be revocable in the event that there is not on deposit with the Trustee prior to the date of redemption money sufficient to pay the redemption price of the Bonds to be redeemed or, in the case of any redemption premium on Bonds, there is not 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.

- (i) Each further notice of redemption given hereunder shall contain the information required above for an official notice of redemption plus (i) the date of issue of the Bonds as originally issued; (ii) the rate of interest borne by each Bond being redeemed; (iii) the maturity date of each Bond being redeemed; and (iv) any other descriptive information deemed necessary in the sole discretion of the Trustee to identify accurately the Bonds being redeemed.

(ii) Each further notice of redemption shall be sent at least 15 days before the redemption date by telecopy, registered or certified mail or overnight delivery service to all registered securities depositories then 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.

(iii) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall identify, 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 Securities Depository, or its nominee, as the Holder of such Bonds. Selection of Beneficial Owners of the Bonds called for redemption is the responsibility of the Securities Depository and any failure of such Securities 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.

Section 3.06 *Payment of Redeemed Bonds.*

Notice having been mailed in the manner provided in Section 3.05 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 identify, 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 3.07 *Reserved.*

Section 3.08 *Conversion Notice.*

(a) Unless otherwise agreed in writing by the Purchaser, the Conversion Date shall be the date selected by the Purchaser, the Borrower and the Issuer as specified in a conversion notice, substantially in the form attached hereto as Exhibit D (the “Conversion Notice”). At such time as the Conversion Conditions have been satisfied (or, if not satisfied, such Conversion Conditions are waived by the Purchaser with prior written consent of the Issuer, which consent shall not be unreasonably withheld, conditioned or delayed), the Purchaser shall deliver the Conversion Notice to the Borrower, the Issuer and the Trustee; provided, however, that the Conversion Notice shall be delivered no later than thirty (30) days prior to the Conversion Date or such shorter period of time as agreed to in writing by such parties.

(b) On the Conversion Date, the Trustee shall redeem a portion of the Bonds in accordance with Section 3.02(b) such that the then-Outstanding principal amount of the Bonds at Conversion equals the Permanent Loan Amount.

Section 3.09 *Revisions to Amortization Schedule.*

Upon (a) any partial redemption of the Bonds requiring a revision to the Amortization Schedule or (b) the adoption of a New Index or (c) a correction or change in the assumed Conversion Date, the Purchaser will provide to the Trustee, the Issuer and the Borrower a revised Amortization Schedule which shall provide for monthly payments on the remaining principal amount of the Bonds at the then-applicable Index Interest Rate through the Maturity Date, in which event the payment obligations with respect to the principal amount of the Bonds and the corresponding payment obligations of the Borrower under the Note and the Loan Agreement shall be so modified without further action on the part of the Issuer, the Trustee or the Borrower or amendment to this Indenture, the Bonds or the Issuer Documents.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01 *Creation of Funds and Accounts.* The following trust funds and accounts are hereby created by the Issuer and ordered established by the Trustee to be used for the purposes as hereinafter provided in this Indenture:

- (a) the Bond Fund
- (b) the Expense Fund;
- (c) the Project Fund;
- (d) the Costs of Issuance Fund; and
- (e) the Rebate Fund.

The Trustee may create one or more accounts or subaccounts within any fund authorized by this Indenture for the purpose of accounting for funds deposited into or held in each fund or for

carrying out any of the requirements of this Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

Section 4.02 *Deposits into the Bond Fund; Use of Moneys in Bond Fund.*

The Trustee shall deposit into the Bond Fund all amounts paid by the Borrower pursuant to Section 4.2 of the Loan Agreement.

Prior to the Conversion Date, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due. On any date on which payment of interest on the Bonds is due and payable, after taking into account any amounts on deposit in the Bond Fund, any available interest earnings in the Project Fund, up to an amount equal to the interest due on the Bonds, shall be transferred on such date to the Bond Fund to make such payment.

Principal on the Bonds, when due and payable, shall be paid (a) in the first instance from the money on deposit in the Bond Fund, and (b) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Following the Conversion Date, all moneys deposited in or transferred to the Bond Fund shall be applied to the following items in the following order of priority:

- (a) on each Interest Payment Date, to the payment of regularly scheduled interest on the Bonds;
- (b) on each Bond Payment Date, to the payment of the principal of or redemption price of, accrued interest on, and any Prepayment Fee due with respect to, the Bonds;
- (c) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the payment of any other amounts then due and owing under the Loan Documents; and
- (d) on the first day of each month (or the next Business Day if such first day of the month is not a Business Day), to the Borrower or such other party as may be legally entitled thereto.

In the event the amount of the monthly payment received by the Trustee from the Borrower is insufficient to fund in full the deposits required in the foregoing clauses (a) through (d), the Trustee shall provide the Servicer, the Borrower and the Issuer with prompt notice of such deficiency and then, if directed in writing by the Servicer, the Trustee shall transfer moneys on deposit in such funds and accounts between such funds and accounts as directed by the Servicer so as to allow for payment of such items as are directed by the Servicer, provided, however, in all events the first priority of payments shall be payment of the Issuer's Fees, the Trustee's Fees and the fees due and payable to the Rebate Analyst and any Rebate Amount due and owing to the United States. References to unpaid expenses payable to the Trustee or the Issuer shall include any amounts payable to such parties pursuant to any indemnification hereunder or under any of the Documents.

Upon the payment in full of the Bonds and the fees and expenses of the Issuer and the Trustee and the payment of amounts payable to the United States pursuant to Section 5.08 hereof, any amounts remaining in the Bond Fund shall be paid to the Borrower.

Section 4.03 *Custody of the Bond Fund.* The Bond Fund shall be in the custody of the Trustee but in the name of the Issuer, and the Issuer hereby authorizes and directs the Trustee (a) to withdraw sufficient funds from the Bond Fund to pay the principal of and interest on the Bonds as the same become due and payable, and (b) to make such funds so withdrawn available to the Trustee, as paying agent, for the purpose of paying such principal and interest, which authorization and direction the Trustee accepts.

Section 4.04 *Non-Presentation of Bonds.* Subject to the provisions of Section 10.21 hereof, in the event any Bonds shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, if funds sufficient to pay such Bonds shall have been made available to the Trustee for the benefit of the Holder or Holders thereof, all liability of the Issuer to the Holder thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability for interest thereon, for the benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on its part under this Indenture or on, or with respect to, such Bond. Any such Bonds shall cease to bear interest on the specified maturity and such Bonds or portions thereof shall no longer be protected by or subject to the benefit or security of this Indenture and shall not be deemed to be outstanding under the provisions of this Indenture.

Section 4.05 *Payment to Borrower of Excess Moneys in Bond Fund.* Any amounts remaining in the Bond Fund (except for amounts then held by the Trustee for payment of principal, or interest on any of the Bonds) after payment in full of the principal of and interest on the Bonds and other costs associated with the discharge of the Bonds (or provision for payment thereof having been made as provided in Section 8.01 hereof) and payment in full, or provision for payment, of the final Rebate Amount and payment in full of any outstanding fees and expenses of the Paying Agent, Issuer and Trustee and any other fees and expenses due under the Documents, shall, upon written instruction to the Trustee from the Issuer at the request of the Borrower, be deemed to be overpayments by the Borrower under the Loan Agreement and shall be promptly paid to the Borrower upon the expiration or sooner termination of the term of the Loan Agreement.

Section 4.06 *Expense Fund.* The Trustee shall apply moneys on deposit in the Expense Fund solely for the following purposes, on the dates specified below, in the following order of priority:

(a) to the Trustee to pay all amounts required to reimburse the Trustee for all out-of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes (excluding income, value added and single business taxes), reasonably and necessarily incurred by the Trustee in performing its duties as Trustee under this Indenture, to the extent not included in the Trustee's Fees; and

(b) to the Issuer to pay all amounts required to reimburse the Issuer for all out-of-pocket expenses, fees, costs and other charges, including reasonable counsel fees and taxes

(excluding income, value added and single business taxes), reasonably and necessarily incurred by the Issuer, to the extent not included in the Issuer's Fees.

To the extent moneys in the Expense Fund are not sufficient to pay the fees and expenses of the Issuer and the Trustee, such deficiency shall be paid by the Borrower immediately upon written demand.

Section 4.07 *Rebate Fund.* The Rebate Fund shall not be subject to the lien or encumbrance of this Indenture, but shall be held in trust for the benefit of the United States of America, and shall be subject to the claim of no other Person, including that of the Trustee and Bondholders. The money deposited in the Rebate Fund, together with all investments thereof and income from investments therefrom, shall be held in trust and applied solely as provided in the Tax Exemption Agreement. The Trustee shall make deposits to and disbursements from the Rebate Fund, as well as investments of the amounts therein, in accordance with the Tax Exemption Agreement. To the extent permitted by the Tax Exemption Agreement, the Trustee shall pay to the Borrower any amount remaining in the Rebate Account after the Rebate Amount has been finally calculated and/or paid. Notwithstanding the foregoing, the Trustee with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it under this Indenture.

Section 4.08 *Costs of Issuance Fund.* On the Closing Date, the Trustee shall deposit the Costs of Issuance Deposit in the Costs of Issuance Fund to pay costs of issuance from amounts available therein upon the written direction of the Borrower. Any funds remaining in the Costs of Issuance Fund more than one hundred eighty (180) days after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be delivered to the Borrower to the extent such funds are not Bond Proceeds or otherwise restricted funds. If such remaining funds are Bond Proceeds or otherwise restricted, such funds shall be deposited by the Trustee into the Project Fund.

Section 4.09 *Reserved.*

ARTICLE V

CUSTODY AND APPLICATION OF PROJECT FUND

Section 5.01 *Custody and Application of Bond Proceeds.* The proceeds received upon the issuance and sale of the Bonds shall be deposited as follows: (i) \$[_____] to the Project Fund, and (ii) \$[_____] to the Costs of Issuance Fund. Such proceeds shall be invested by the Trustee as set forth in Section 6.01 hereof.

Section 5.02 *Procedure for Making Disbursements from Project Fund.* The Trustee shall disburse the Bond proceeds on deposit in the Project Fund solely to pay Project Costs and only upon the receipt by the Trustee of requisition forms in substantially the form attached as Exhibit B hereto, each of which shall be approved by the Purchaser.

Money in the Project Fund shall be disbursed in accordance with the provisions of Section 3.3 of the Loan Agreement and this Section 5.02. To the extent money is not otherwise available

to the Trustee, including money on deposit in the Bond Fund, the Trustee shall transfer from the Project Fund to the Bond Fund sufficient money to make the necessary interest and principal payments, if any, on each Interest Payment Date without further written direction.

All disbursements from the Project Fund will be made by the Trustee directly to the Title Company in accordance with the Disbursing Agreement, and shall not be made more frequently than once per month, unless approved by the Purchaser, in its sole discretion.

The Trustee, the Purchaser and the Issuer shall not in any event be responsible or liable to any Person for the disbursement of, or failure to disburse, moneys from the Project Fund, or any part thereof, and no contractor, subcontractor or material or equipment supplier shall have any right or claim against the Trustee, the Purchaser or the Issuer under this Indenture.

Section 5.03 *Trustee May Rely on Requisitions and Certifications.* In making any disbursement from the Project Fund, the Trustee may rely on any requests, requisitions and/or confirmations delivered to it pursuant to Sections 5.02 hereof, and the Trustee shall be relieved of all liability with respect to making such payments in accordance with such requests, requisitions and confirmations.

Section 5.04 *Completion of Project.* The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the Trustee and Issuer of the Completion Certificate. Additionally, the Borrower has agreed pursuant to Section 3.6 of the Loan Agreement that in the event that there are insufficient moneys available in the Project Fund to pay the Project Costs, the Borrower will complete the Project and pay the portion of the Project Costs in excess of the moneys available therefor in the Project Fund.

Section 5.05 *Disposition of Moneys in Project Fund After Completion of Project.*

As soon as practicable after the date of the Completion Certificate, any balance remaining in the Project Fund (other than the amounts retained by the Trustee as referred to in the Completion Certificate) shall be deposited into the Bond Fund and used to pay principal of the Bonds on the next occurring Bond Payment Date. To the extent any moneys from any payments made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds Outstanding and payment in full, or provision for payment, of the final Rebate Amount, such moneys shall be promptly paid to the Borrower.

Notwithstanding the provisions of this Section or any other provision herein set forth, none of the moneys in the Project Fund will be disbursed for or be used to pay any cost, or to reimburse the Issuer or the Borrower for any cost, which is not permitted by the Act, the Code, the Loan Agreement or this Indenture.

ARTICLE VI

INVESTMENT OF FUNDS AND ACCOUNTS

Section 6.01 *Investment of Funds*

The Issuer and the Trustee each covenants that it will not knowingly make or (to the extent it exercises control or direction) permit to be made, any use of the proceeds of the Bonds, or of any moneys, securities or other obligations that may be deemed to be proceeds of the Bonds (collectively, “**Bond Proceeds**”) within the meaning of Section 148 of the Code that would cause the Bonds to be “arbitrage bonds” within the meaning of Section 148 of the Code.

The Trustee shall hold and invest Bond Proceeds within its control in Eligible Investments as directed in writing by an Authorized Borrower Representative in accordance with the Tax Exemption Agreement, as such direction may be amended from time to time in accordance with the advice of Bond Counsel. The Trustee shall have no discretion for investing funds or advising any parties on investing funds. Neither the Issuer nor the Trustee shall incur any liability in connection with any action as contemplated by this Section 6.01 so long as each acts in good faith, or, with respect to the Trustee, upon written instructions from an Authorized Borrower Representative or in accordance with this Indenture. In the absence of written instructions from the Borrower, the Trustee shall invest Bond Proceeds in Blackrock Liquidity Fed Funds, CUSIP 09248U445.

Investments of Bond Proceeds shall mature or be redeemable at the times and in the amounts necessary to provide money to pay any amounts due on the Bonds as they become due on each Bond Payment Date. In addition, 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 investment in the Bond Fund or the Project Fund that is no longer classified as an Eligible Investment shall be invested in Governmental Obligations upon receipt by the Trustee of a written direction from the Borrower.

The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable hereunder to and at times required for the purposes of paying any amounts due on the Bonds, and shall do so without necessity for any order or direction from or on behalf of the Issuer or the Borrower and without restriction by reason of any order or direction. Any investment and earnings thereon made from money credited to a fund or account shall constitute part of that fund or account. Anything herein to the contrary notwithstanding, earnings received by the Trustee from a sale or redemption of Governmental Obligations for the purpose of paying principal and interest on the Bonds shall be held uninvested.

Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an Affiliate or subsidiary of the Trustee provided that all such investments must be Eligible Investments. The parties acknowledge that the Trustee is not providing investment supervision, recommendations or advice.

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.

The Trustee shall not be liable for losses, including depreciation of value, on investments made in compliance with the provisions of this Indenture.

The Trustee may conclusively rely upon an Authorized Borrower Representative's written instructions as to both the suitability and legality of the directed investments.

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.

Section 6.02 *Investment of Rebate Fund.* Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee as directed in writing by an Authorized Borrower Representative and otherwise solely as provided in the Tax Exemption Agreement. In the absence of written direction from the Borrower, the Trustee will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

Section 6.03 *Accounting for Termination of Investments; No Arbitrage.* In the event the moneys in the Project Fund or the Bond Fund are invested in any investment agreement that at any time or for any reason fails to satisfy the requirements of Section 6.01 hereof, the Trustee shall, at the written direction of an Authorized Borrower Representative and the Issuer, terminate any such investment, and the proceeds of such termination, shall be credited to the Project Fund or the Bond Fund, respectively.

Subject to Section 6.01 hereof, all investment earnings on moneys or any investment held in any fund or account created hereunder shall be credited to the respective fund or account hereunder and used for the purposes thereof.

Section 6.04 *Trustee's Own Bond or Investment Department.* The Trustee may make any and all investments permitted under Section 6.01 through its own bond or investment department or that of any Affiliate.

Section 6.05 *Moneys to be Held in Trust.* Subject to Section 4.07 hereof, all moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Project Fund under any provision of this Indenture shall be held by the Trustee in trust, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and claim created by this Indenture. The Trustee will not be liable for any loss arising from investments made in accordance with the written direction of the Borrower or for any loss resulting from the redemption or sale of any such investments.

The Trustee, acting in its capacity as the Trustee and not as sponsor, advisor or manager in connection with any investments hereunder, shall not be liable for any loss arising from investments made in accordance with this Section, or for any loss resulting from the redemption or sale of any such investments as authorized by this Section. The parties acknowledge that the Trustee is not providing investment supervision, recommendations or advice.

ARTICLE VII

GENERAL COVENANTS

Section 7.01 *Payment of Bonds.* Each and every covenant made in this Indenture, including all covenants made in the several sections of this Article, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall be payable solely (a) from Revenues, which are specifically assigned to secure the payment of the Bonds in the manner and to the extent specified in this Indenture, (b) from the moneys held in the funds and accounts created under this Indenture, except for amounts held in the Costs of Issuance Fund and the Rebate Fund, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer.

The Issuer covenants that it will promptly pay, as provided herein, the principal of and interest on the Bonds from the Trust Estate at the place, on the date and in the manner provided herein and in the Bonds.

The Revenues are to be remitted by the Borrower directly to the Trustee for the account of the Issuer and constitute a part of the Trust Estate and are subject to the lien and claim created by this Indenture. Such amounts, in addition to the amounts held in the Project Fund, are to be sufficient in amount at all times to pay the principal of and interest on the Bonds when due. The entire amount of Revenues (exclusive of the Reserved Rights of the Issuer) are assigned to secure the payment of the principal of and interest on the Bonds.

Section 7.02 *Performance of Covenants.* The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto, subject, however to the limitations set forth in Section 2.09. The Issuer covenants that it is duly authorized under the laws of the State to issue the Bonds, to enter into this Indenture and the Loan Agreement and to assign the Revenues, and that, upon issuance, authentication, and delivery, the Bonds are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 7.03 *Maintenance of Existence; Compliance with Laws.* The Issuer will use all reasonable efforts to (i) maintain its existence or to assure the assumption of its obligations under this Indenture by any public body succeeding to its powers under the Act, and (ii) comply with all valid material acts, rules, regulations, orders and directions of any legislative, executive, administrative or judicial body applicable to this Indenture and the Loan Agreement.

Section 7.04 *Enforcement of Borrower's Obligations.* So long as any of the Bonds are Outstanding, the Issuer will cooperate with the Trustee in enforcing the obligations of the Borrower to pay, or cause to be paid, all the payments and other costs and charges payable pursuant to the Loan Agreement. Nothing contained in this Section or in any other section of this Indenture shall be deemed to modify the provisions of the Act and Section 2.09 hereof or require that the Issuer expend any of its own funds or assets to enforce the obligations of the Borrower under the Documents.

Section 7.05 *Further Assurances, Instruments and Actions.* The Issuer will from time to time execute and deliver such further instruments, conveyances, assignments and transfers and take such further actions as may be reasonable and as may be required to better assure, convey, grant, assign or confirm the Trust Estate and all other rights, revenues or funds pledged, assigned or intended to be so pledged or assigned hereunder for the benefit of the owners of the Bonds; provided, however, that no such instruments or actions shall pledge the credit or taxing power of the State, the Issuer or any other political subdivision of the State, or create or give rise to any monetary obligation or liability of the Issuer.

Section 7.06 *Priority of Pledge.* The Issuer covenants and agrees that it will not create any lien or claim upon the Revenues other than the liens and claims hereby created. Except for the assignment to the Trustee, the Issuer will not sell, lease or otherwise dispose of or encumber any of the Revenues, and will cooperate in causing to be discharged or satisfied any lien or charge on any part of the Trust Estate.

Section 7.07 *Books and Documents Open to Inspection.* The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds, the Project, and the moneys, revenues and receipts derived from the Project, if any, that shall at any time be in its possession, shall, within a reasonable time of a request by the Trustee or the Borrower, be open to inspection during the Issuer's regular business hours by such accountants or other agents as the Trustee or the Borrower may from time to time designate.

Section 7.08 *Borrower to Indemnify and Hold Issuer and Trustee Harmless from Liability.* The Borrower has agreed to indemnify and hold the Issuer and the Trustee harmless from and against liability arising out of claims as defined and as provided in Sections 6.2 and 7.4 of the Loan Agreement.

Section 7.09 *Tax-Exempt Status of Bonds.* The Issuer agrees that it (i) will comply with all applicable requirements of the Code that are necessary to preserve the excludability from gross income of interest on the Bonds for federal income tax purposes, all as set forth in the Tax Exemption Agreement; and (ii) 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.

The Trustee agrees that it (i) will invest funds held under this Indenture in accordance with the terms of this Indenture, the Tax Exemption Agreement and the written instructions of the Borrower; and (ii) will not take any action inconsistent with its obligations expressly stated in the Tax Exemption Agreement and will comply with the covenants and requirements stated therein and incorporated by reference herein.

In connection with the foregoing, the Issuer and the Trustee may rely upon the advice of Bond Counsel. The Issuer and Trustee shall not have liability or responsibility to the extent they follow the terms of this Indenture, the Tax Exemption Agreement or the advice of Counsel, including Bond Counsel.

ARTICLE VIII

DISCHARGE

Section 8.01 *Release of Indenture.*

If (a) the Issuer shall pay all of the Outstanding Bonds, or shall cause them to be paid and discharged, or if there otherwise shall be paid to the Holders of the Outstanding Bonds, all principal and interest 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 Regulatory 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 their possession, except amounts in the Bond Fund required (i) to be paid to the Borrower under Section 4.05 hereof, or (ii) to be held by the Trustee under Section 6.01 hereof or otherwise for the payment of principal and interest due on the Bonds.

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 shall have received, in trust for and irrevocably committed thereto, sufficient money, or

(B) the Trustee shall have received, in trust for and irrevocably committed thereto, noncallable Governmental 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 money 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 principal and interest due on those Bonds on the date(s) due.

Any money held by the Trustee in accordance with the provisions of this Section may be invested by the Trustee only in noncallable Governmental Obligations having maturity dates, or having

redemption dates which, at the option of the holder 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 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, that income, interest or increment shall be transferred at the time of that determination in the manner provided in Section 4.05 hereof for transfers of amounts remaining in the Bond Fund.

If any Bonds shall be deemed paid and discharged pursuant to this Section 8.02, then within 15 days after such Bonds are so deemed paid and discharged the Trustee shall cause a written notice 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 state the numbers of the Bonds deemed paid and discharged or state that all Bonds are deemed paid and discharged.

Section 8.03 *Survival of Certain Provisions.*

Notwithstanding the foregoing, any provisions of the Bond Resolution and 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 4.07 hereof, and the rights and duties of the Trustee in connection with all of the foregoing, 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 shall survive the release, discharge and satisfaction of this Indenture. The obligations of the Borrower to pay the Trustee and the Issuer their respective 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 and the Issuer.

ARTICLE IX

DEFAULTS AND REMEDIES

Section 9.01 *Events of Default and Acceleration.* If any of the following events occur, it is hereby defined as and declared to be and constitute an “Event of Default”:

- (a) any installment of interest on any Bond payable hereunder is not paid when due and payable; or
- (b) the failure to pay any installment of principal and interest as provided in the Loan Agreement; or
- (c) the principal of any Bond or the redemption price of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by call for redemption, acceleration or otherwise; or
- (d) an Default occurs under the Loan Agreement; or

(e) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a), (b) or (c) of this Section 9.01) contained in the Bonds or in this Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of 90 days after written notice specifying such failure and requiring the same to be remedied shall have been given to the Issuer and the Borrower by the Trustee, which notice may be given by the Trustee in its discretion and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; provided, however, that if such default be such that it is correctable but cannot be corrected within 90 days, it shall not be an Event of Default if the Issuer or the Borrower is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) of this Section shall not have been received at the close of business on the last business day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use commercially reasonable efforts to give telephonic notice of such default to the Borrower, which telephonic notice shall be confirmed by telegraphic or written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower and the Holders of the Bonds. A default or an Event of Default specified in (a) through (e) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights.

If an Event of Default specified in (a), (b) or (c) of this Section 9.01 shall occur and be continuing, the Trustee, may, and upon written request of the Majority Owner, shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (d) or (e) of this Section 9.01 shall occur and be continuing, the Trustee, upon written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding, shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

Notwithstanding anything to the contrary contained herein, the Equity Investor shall have the right, but not the obligation, to cure an event of default hereunder and Trustee agrees to accept or reject such cure on the same basis as if provided by Borrower itself.

Section 9.02 *Trustee to Enforce Rights of Issuer.* Only in accordance with the provisions of this Indenture, the Trustee, as the assignee of all the right, title and interest of the Issuer in and to each of the documents constituting a part of the Trust Estate (except the Reserved

Rights of the Issuer), may enforce the rights granted to the Issuer pursuant to such documents. In the enforcement of any rights or remedies under such documents, no provision of such documents shall require, and none shall be construed to require, that the Trustee post a bond or establish any surety of any kind as a condition precedent to exercising any such rights or remedies.

Section 9.03 Remedies in Addition to Acceleration. Upon the happening of any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Majority Owner and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in Section 9.01):

(a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents;

(b) bring suit upon the Bonds; or

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Section 9.04 Termination of Proceedings. In case any proceeding taken by the Trustee on account of any default or Event of Default 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, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Section 9.05 Right of Bondholders to Direct Proceedings. Prior to Conversion, no Holder of any of the Bonds shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust hereunder, or any other remedy hereunder or on the Bonds, unless such Holder previously shall have given to the Trustee written notice of an Event of Default as hereinabove provided and unless also the Holders of not less than 51% in principal amount of the Bonds then Outstanding shall have made written request of the Trustee to do so, after the right to exercise such powers or rights of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its or their name; nor unless there also shall have been offered to the Trustee security and satisfactory indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee shall not have complied with such request within a reasonable time; and 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 trusts of this Indenture or for any other remedy hereunder; it being understood and intended that no one or more Holders of the Bonds hereby secured shall have any right in any manner whatever by its or their action to affect, disturb or prejudice the security of this Indenture, or to enforce any right hereunder or under the Bonds, except in the manner herein provided and for the equal benefit of all Holders of Outstanding Bonds. For purposes of the foregoing sentence, the Trustee shall be deemed to have failed to act within a reasonable time if it fails to take action within 60 days after receipt of notice and compliance with the foregoing terms and conditions,

whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing in this Indenture contained shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest on each of the Bonds issued hereunder to the respective Holders of the Bonds at the time, place, from the source and in the manner herein and in such Bonds expressed.

Section 9.06 *Right of Servicer to Direct Proceedings.* On or following the Conversion Date, if an Event of Default under this Indenture shall have occurred and be continuing, notwithstanding anything in this Indenture to the contrary, the Servicer, after notice to the Issuer, shall have the right, at any time, by an instrument in writing executed and delivered to the Trustee, to direct the method and place of conducting any proceedings to be taken in connection with the enforcement of the terms and conditions of this Indenture or any other proceedings under this Indenture, provided that such direction is in accordance with law and the provisions of this Indenture; provided further that nothing in this Section 9.06 shall impair the right of the Trustee in its discretion to take any other action under this Indenture which it may deem proper and in the best interests of the Holders and which is not inconsistent with such direction by the Servicer. Notwithstanding the foregoing, the Servicer shall not bring any proceeding to enforce this Indenture or its remedies under this Indenture, to which it names the Issuer as a party, in any jurisdiction outside the State without the Issuer's prior written consent.

Section 9.07 *Remedies Vested in Trustee.* All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of this Indenture.

Section 9.08 *Remedies Non-Exclusive and Cumulative.* No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.09 *Delays or Omissions by Trustee.* No delay or omission of the Trustee or of any Holder of the Bonds 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 of any such default, or any acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.10 *Application of Moneys.* All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee and the Issuer with respect thereto, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or

otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First - To the payment to the Persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts 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;

Second - To the payment to the Persons entitled thereto of the unpaid principal, on any of the Bonds, which shall have become due (other than Bonds which have matured or otherwise become payable prior to such Event of Default and moneys for the payment of which are held in the Bond Fund or otherwise held by the Trustee), with interest on such principal from the respective dates upon which the same became due and, if the amount available shall not be sufficient to pay in full the amount of principal, and the interest due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the Persons entitled thereto, without any discrimination or privilege;

Third - To the payment to the Persons entitled thereto of all other of the Issuer's Obligations and the Borrower's Obligations, and, if the amount available shall not be sufficient to pay such Obligations in full, then to the payment ratably, according to the amounts then due, to the Persons entitled thereto without discrimination or privilege; and

Fourth - The remainder, if any, shall be paid over to the Borrower, its successors or assigns, or whomever may be lawfully entitled to receive the same, or as a court of competent jurisdiction may direct.

(b) If the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal of and interest and premium then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest to the Persons entitled thereto without any discrimination or privilege. Any remaining funds shall be applied in accordance with the paragraphs designated "*Third*" and "*Fourth*" of subsection (a) above.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional

moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall 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. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.11 Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

ARTICLE X

THE TRUSTEE

Section 10.01 Acceptance of Trusts. The Trustee hereby accepts the duties and obligations as Trustee as expressly provided under this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except in connection with its performance of such duties. 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 negligence or willful misconduct.

Section 10.02 Trustee Not Responsible for Recitals, Statements and Representations. Except as otherwise expressly provided herein, any representations or warranties by the Issuer in this Indenture or in the Bonds contained shall be taken and construed as made by and on the part of the Issuer, and not by the Trustee, and the Trustee does not assume, and shall not have, any responsibility or obligation for the correctness of any thereof.

Section 10.03 Action by Trustee Through and Reliance Upon Others. The Trustee may execute any of the trusts or powers hereof and perform the duties required of it hereunder by or through attorneys, agents or receivers and shall not be liable or responsible for the acts or omissions of any such attorney, agent or receiver appointed with due care. The Trustee shall be entitled to rely on advice of counsel concerning all matters of trust and its duties hereunder, and the written advice or opinion of such counsel shall be full and complete authorization and protection for any action taken or omitted by it in good faith and in accordance with such advice or opinion. The Trustee may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may be reasonably employed in connection with the trusts hereof, such compensation to be paid as described under Section 10.04 hereof. The Trustee shall not be liable for any acts or omissions, the exercise of any discretion or power under this Indenture or for anything whatever in connection with the trust, except only for losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's negligence or willful misconduct.

Except for fraud and willful misconduct, no personal recourse may be taken, directly or indirectly, against any officer, director, employee or agent of the Trustee with respect to the obligations of the Trustee under this Indenture or any certificate or other writing delivered in connection therewith. The Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Trustee's officers, directors, agents and employees.

The Trustee's immunities and protections from liability and its right to payment of compensation and indemnification in connection with performance of its duties and functions under this Indenture shall survive the Trustee's resignation or removal, discharge of this Indenture, and the final payment of the Bonds.

Section 10.04 *Fees and Expenses of Trustee.* The Trustee shall be entitled to payment and/or reimbursement of such fees as the Trustee, the Issuer and the Borrower shall agree upon, or in the absence of such agreement, to payment and/or reimbursement of reasonable fees, for its services rendered hereunder, and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services, in an amount that is no less than the Trustee's Fees. Any amounts payable to the Trustee pursuant to this Section 10.04 shall be payable upon demand. All fees, costs and expenses of Trustee (including reasonable attorneys' fees, costs and expenses) incurred in connection with any amendment, modification or supplement hereto shall be payable by the Borrower.

Section 10.05 *Trustee's Obligations to Take or Have Notice of Default.* The Trustee shall not be required to take notice, or to be deemed to have notice, of any events or information, default or Event of Default under this Indenture other than a default under Section 9.01(a) or Section 9.01(b) hereof, unless specifically notified in writing of such default by the Issuer or by the Holders of not less than 25% in principal amount of the Bonds then Outstanding. The Trustee may, however, at any time, in its discretion, require of the Issuer information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Borrower, Issuer 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 party. The Trustee may assume performance by all such persons of their respective obligations. The Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person.

Section 10.06 *Duties of Trustee.* (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and 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 such person's own affairs. Such standard is not considered a fiduciary standard, nor shall the Trustee be considered a fiduciary in the performance of its duties hereunder.

(b) Except during the continuance of an Event of Default,

(1) The Trustee need perform only those duties that are specifically set forth in this Indenture, these duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except for the performance of such duties and no others and no implied covenants or obligations will be read into this Indenture against the Trustee, and

(2) The Trustee may request, at the expense of the Borrower, and conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine those certificates and opinions to determine whether they conform on their face to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

- (i) This paragraph does not limit the effect of paragraph (b) of this Section,
- (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 is proved that the Trustee was negligent in ascertaining the pertinent facts,
- (iii) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it in accordance with 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.
- (v) 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.
- (vi) The Trustee shall not be liable for any amount in excess of the value of the Trust Estate.
- (vii) In no event shall the Trustee be responsible or liable for special, indirect, punitive, incidental 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.

(viii) 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 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; it being understood that the Trustee shall use its best efforts to resume performance as soon as practicable under the circumstances, and in the event of any such failure or delay the Trustee shall give immediate notice to the Borrower, Servicer, and Issuer of such condition or occurrence, which may be given in the most expeditious manner available, including telephonically or electronically, subsequently confirmed in writing.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives security or indemnity satisfactory to it against any cost, loss, liability or expense, but the Trustee shall not require indemnity as a condition to making any payments on the Bonds, or declaring the principal of and interest on the Bonds to be due immediately hereunder.

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

(f) Except as otherwise provided in this Article, the Trustee shall be under no obligation to take any action in respect of any default or otherwise, or toward the execution or enforcement of any of the trusts hereby created, or to institute, appear in or defend any suit or other proceeding in connection therewith, unless requested in writing to do so by the Holders of not less than 51% in principal amount of the Bonds then Outstanding, and if in its opinion such action may tend to involve it in expense or liability, unless furnished, from time to time as often as it may require, with security and satisfactory indemnity. The foregoing provisions are intended only for the protection of the Trustee, and shall not affect any discretion or power given by any provision of this Indenture to the Trustee to take action in respect of any default without such notice or request from the Bondholders, or without such security or indemnity.

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

(h) In the event that any portion of the Trust Estate shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Trust Estate, the Trustee is hereby expressly authorized, in its reasonable discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Trustee obeys or complies in good faith with any such writ, order or decree, it shall not be liable to any of the parties or to any other Person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

(i) Other than as specifically provided herein, neither the Trustee nor any of its directors, officers, employees, agents or affiliates shall be responsible for nor have any duty to monitor the performance or any action of the Borrower or Issuer, 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 party. The Trustee may assume performance by all such Persons of their respective obligations, unless the Trustee has knowledge or is deemed to have knowledge otherwise. Except as provided in the Documents to which it is a party, the Trustee shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other person.

(j) The Trustee shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than this Indenture and any other document to which it is a party.

(k) The Trustee shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than this Indenture and any other document to which it is a party, whether or not an original or a copy of such agreement has been provided to the Trustee.

(l) The Trustee shall be entitled to request and receive written instructions from the Borrower, the Issuer or the Purchaser and 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 Trustee in accordance with such written direction.

Every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a) through (l) of this Section.

Section 10.07 *Trustee May Make Advances to Effect Performance.* If the Issuer shall fail to perform any of the covenants or agreements contained in this Indenture other than the covenants or agreements in respect of the payment of the principal of and interest on the Bonds, the Trustee may, in its absolute discretion and without notice to the Bondholders, at any time and from time to time, make advances to effect performance of the same on behalf of the Issuer, but the Trustee shall be under no duty or obligation so to do; and any and all moneys paid or advanced by the Trustee for any such purposes shall be a claim in favor of the Trustee upon the Trust Estate prior to the claim of the Bonds; but no such advance shall operate to relieve the Issuer from any default hereunder.

Section 10.08 *Trustee May Rely Upon Instruments.* The Trustee may, at the expense of the Borrower, request, rely on and act in accordance with an officer's certificate and/or an Opinion of Counsel, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such officer's certificate and/or Opinion of Counsel. The Trustee may conclusively rely upon, shall be protected in acting or refraining from acting on, and shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any resolution, indenture, notice, report, request, direction, consent, waiver, certificate, statement, instrument, opinion, affidavit, voucher, bond, debenture, note, requisition, order or decree of a court of competent jurisdiction, judgment or other paper or document which it shall in good faith believe to be genuine and to have been passed or signed by the proper board, body or person or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Documents, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and shall be protected and shall incur no liability in acting or proceeding in good faith in reliance thereon. The Trustee shall not be bound to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee.

Section 10.09 *Trustee May Own and Deal in Bonds and Deal With Issuer and Borrower.* The Trustee or its affiliates may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if the Trustee were not a party to this Indenture. The Trustee, either as principal or agent, may also engage in or be interested in any financial or other transaction with the Issuer or the Borrower or any related entity, and may act as depository, trustee, or agent for any committee or body of Holders of the Bonds secured hereby or other obligations of the Issuer as freely as if it were not Trustee hereunder.

Section 10.10 *Financial Liability of the Trustee.* No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur or risk any liability in the performance of any of its duties under this Indenture, or in the exercise of any of its rights or powers if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

Except as may otherwise be provided in this Indenture, prior to taking or omitting to take an action hereunder or related to the Bonds, the Trustee will have the right to request or demand at the cost of the Borrower, in respect to the taking of any action hereunder or related to the Bonds or omitting to take any action, any showings, certificates, opinions (including Opinions of Counsel), appraisals or other information, or corporate action or evidence thereof, that the Trustee deems desirable for the purpose of establishing the right of the Trustee to take or omit to take such action.

Section 10.11 *Trustee May Construe Ambiguous or Inconsistent Provisions.* The Trustee may construe any of the provisions of this Indenture insofar as the same may appear to be ambiguous or inconsistent with any other provisions hereof, and any construction of any such provisions hereof by the Trustee in good faith shall be binding upon the Bondholders and the Trustee shall bear no liability therefor.

Section 10.12 *Resignation of Trustee.* The Trustee may at any time resign and be discharged of the duties and obligations created by this Indenture by giving not less than thirty (30) days written notice to the Issuer and the Holders specifying the date when such resignation shall take effect and such resignation shall take effect upon the day specified in such notice unless previously a successor shall have been appointed, in which event such resignation shall take effect immediately on the appointment of such successor, provided that such resignation shall not take effect unless and until a successor shall have been appointed.

Section 10.13 *Removal of Trustee.* The Trustee shall be removed by the Issuer upon thirty (30) days' notice if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Borrower. The Issuer may also remove the Trustee at any time, except during the existence of any Event of Default as defined in Section 9.01 hereof, for cause or breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by filing with the Trustee an instrument signed by an authorized officer of the Issuer. A copy of each such instrument providing for any such removal shall be delivered by the Issuer to any Bondholder who shall have filed his name and address with the Issuer.

Section 10.14 *Appointment of Successor Trustee.* In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer at the direction of the Purchaser or Majority Owner covenants and agrees that it will thereupon appoint a successor Trustee.

If in a proper case no appointment of a successor Trustee shall be made pursuant to the foregoing provision of this Section within thirty (30) days after the Trustee shall have given to the Issuer written notice, as provided in Section 10.12 or after a vacancy in the office of the Trustee shall have occurred by reason of its inability to act, the Trustee, the Borrower or the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Said court may thereupon, after such notice, if any, as such court may deem proper, prescribe and appoint a successor Trustee.

Any Trustee appointed under the provision of this Section 10.14 in succession to the Trustee shall be a bank or trust company or national banking association with trust powers, having a combined capital, surplus and undivided profits of at least \$50,000,000 if there be such a bank or trust company or national banking association willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by this Indenture.

Section 10.15 *Appointment of Successor Trustee by Court.* In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee may forthwith apply to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a

successor Trustee shall be made pursuant to the foregoing provisions of this Article within six months after a vacancy shall have occurred in the office of Trustee, the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Trustee.

Section 10.16 *Acceptance of Trust by Successor Trustee.* Any successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Trustee, without further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, trusts, duties and obligations of its predecessor in the trust hereunder, with like effect as if originally named Trustee herein. Upon request of such Trustee, the Trustee ceasing to act and the Issuer shall execute and deliver an instrument transferring to such successor Trustee all the estates, property, rights, powers and trusts hereunder of the Trustee so ceasing to act, and the Trustee so ceasing to act shall pay over to the successor Trustee all moneys and other assets at the time held by it hereunder.

Section 10.17 *Merger or Consolidation of Trustee with Another Corporation.* Any entity into which any Trustee hereunder may be merged or with which it may be consolidated, or any entity resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Trustee under this Indenture without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.18 *Intentionally Omitted.*

Section 10.19 *Notice of an Event of Default.* Notwithstanding anything herein to the contrary, upon the occurrence of an Event of Default known to the Trustee, the Trustee shall within 30 days give written notice thereof to the Issuer and to each Bondholder at its last address appearing upon the registration books of the Issuer kept by the Trustee unless such Event of Default shall have been cured before the giving of such notice.

Section 10.20 *Trustee May Intervene.* 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 the Bonds, the Trustee may intervene on behalf of the Holders of the Bonds and shall, upon receipt of satisfactory indemnity do so if requested in writing by the Holders of not less than 51% in principal amount of Bonds then outstanding, if such intervention is permitted by the court having jurisdiction in the premises.

Section 10.21 *Unclaimed Moneys.* Anything herein to the contrary notwithstanding, and subject to applicable escheatment laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any of the Bonds which remain unclaimed for two years after the date when such Bonds have become due and payable, either at maturity or by call for redemption, if such moneys are held by the Trustee at said date, or for three (3) years after the date of deposit of such moneys if deposited with the Trustee after the date when such Bonds became due and payable, shall be reported and disposed of by the Trustee in accordance with the applicable

unclaimed property laws of the State, whereupon all liability of the Issuer and the Trustee with respect to such money shall cease, and the Holders of such Bonds shall look only to the Borrower for the payment thereof.

Section 10.22 *Appointment of Co-Trustee.* It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Loan Agreement, and in particular in case of the enforcement thereof on default, or in the case the Trustee 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 granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them. Neither the Trustee or any co-trustee shall be responsible or liable for the misconduct or negligence of the other.

Approval in writing from the Issuer shall be required prior to the appointment of the separate or co-trustee by the Trustee. All such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer at the expense of the Borrower. In case any separate or co-trustee 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 separate or co-trustee, so far as permitted by law and so approved by the Issuer, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate or co-trustee.

Section 10.23 *Financing Statements.* Pursuant to Section 5.6 of the Loan Agreement, the Borrower shall perfect, or shall cause to be perfected any security interest created hereunder by the filing of financing statements which fully comply with the State of Texas Uniform Commercial Code—Secured Transactions. Notwithstanding the foregoing, the Trustee shall file all necessary continuation statements with respect to any such original financing statements listing the Trustee as a secured party, of which a legible copy showing the date and place of filing is delivered to the Trustee, at the expense of the Borrower within the time prescribed by the State of Texas Uniform Commercial Code—Secured Transactions. The Trustee shall otherwise have no duty or obligation related to the creation, preservation or perfection of any security interest.

ARTICLE XI

MODIFICATION OF INDENTURE AND OTHER DOCUMENTS

Section 11.01 *Limitation on Amendments to this Indenture.* This Indenture shall not be modified or amended in any respect except as provided in accordance with and subject to the provisions of this Article and only by a written instrument executed by each of the parties hereto.

Section 11.02 *Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders.*

(a) The Issuer and the Trustee may, from time to time prior to the Conversion Date, without the consent of Bondholders, enter into agreements supplemental to this Indenture and the Loan Agreement as follows:

- (i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;
- (ii) to cure any formal defect, omission or ambiguity in this Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;
- (iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as heretofore in effect;
- (iv) to add to the covenants and agreements of the Issuer in this Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;
- (v) to add to the limitations and restrictions in this Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;
- (vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, this Indenture, of the Revenues or of any other moneys, securities or funds; or
- (vii) to modify, amend or supplement this Indenture or the Loan Agreement in any respect which, pursuant to an Opinion of Counsel, is not materially adverse to the interests of the owners of the Bonds.

(b) Before the Issuer shall enter into any agreement supplemental to this Indenture pursuant to this Section, there shall have been filed with the Trustee a Favorable Opinion of Bond Counsel and an Opinion of Counsel, which may be Bond Counsel, stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations. The Trustee and the Issuer shall be entitled to rely upon any such opinions.

(c) The Trustee shall send written notice to the Borrower of any amendment to this Indenture or the Loan Agreement.

Notwithstanding the foregoing, on or after Conversion there shall be no amendments of any kind to this Indenture without the written consent of the Majority Owner.

Section 11.03 *Amendments to Indenture Requiring Consent of Bondholders.*

(a) Subject to the terms and provisions contained in this Section and not otherwise, prior to the Conversion Date, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding, and following the Conversion Date, the Servicer at the written direction of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding, shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to this Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture; provided, however, that, unless approved in writing by, prior to the Conversion Date, the Holders of all of the Bonds then Outstanding, and following the Conversion Date, the Servicer at the written direction of the Holders of all the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by this Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in this Indenture, including (without limitation) that required for consent to such supplemental indentures. This Section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to this Indenture without the consent of the Bondholders pursuant to Section 11.02 hereof.

(b) If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to the Servicer (if any) and to all Holders of the Bonds; provided, however, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature

of the proposed supplemental indenture and shall state that a copy thereof is on file at the Trust Office for inspection by all Bondholders.

(c) Within 120 days after the date of giving such notice, the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding (or 100% if required hereunder); (ii) an Opinion of Counsel stating that such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms; and (iii) a Favorable Opinion of Bond Counsel.

(d) If the Holders of not less than the percentage of Bonds required by this Section shall have consented to and approved the supplemental indenture as herein provided, no Holder of any Bond shall have any right to object to such supplemental indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety thereof, or to enjoin or restrain the Issuer or the Trustee from entering into the same or from taking any action pursuant to the provisions thereof.

(e) Upon the effectiveness of any supplemental indenture entered into pursuant to the provisions of this Section, this Indenture shall be, and be deemed to be, modified and amended in accordance therewith, and the respective rights, duties and obligations under this Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under this Indenture subject in all respects to such modifications and amendments.

Section 11.04 *Supplemental Indentures Part of Indenture.* Any supplemental indenture entered into in accordance with the provisions of this Article shall thereafter form a part of this Indenture and all the terms and conditions contained in any such supplemental indenture as to any provision authorized to be contained therein shall be and shall be deemed to be a part of the terms and conditions of this Indenture for any and all such purposes.

Section 11.05 *Required Consent.* Notwithstanding anything herein to the contrary, the Trustee shall not be required to enter into or consent to any supplemental indenture or any amendment of any other Document that would adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein or therein, except to the extent necessary, as set forth in an opinion of Bond Counsel, to preserve the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 11.06 *Amendments to Documents Requiring Consent of Bondholders.* Except as provided in Section 11.02 of this Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of notice and the written approval or consent of the Holders of the Bonds at the time Outstanding given and procured as provided in Section 11.03 hereof; provided, however, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request the consent of the

Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 11.03 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 Trust Office for inspection by all Bondholders.

ARTICLE XII

MISCELLANEOUS

Section 12.01 *Issuer's Successors.* In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements in this Indenture contained by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred.

Section 12.02 *Indenture for Benefit of Issuer, Trustee and Bondholders.* Except as herein otherwise specifically provided, nothing in this Indenture expressed or implied is intended or shall be construed to confer upon any Person, other than the Issuer, the Trustee and the Holders of the Bonds, any right, remedy or claim under or by reason of this Indenture, this Indenture being intended to be for the sole and exclusive benefit of the Issuer and the Trustee and the Holders of the Bonds; provided that this Indenture shall also be for the benefit of the Borrower and the Issuer, and the Borrower and the Issuer shall be deemed to be third-party beneficiaries of and in connection with those matters in which the terms of this Indenture fairly construed are indicative that they are for the benefit of the Borrower.

Section 12.03 *Severability.* In case any one or more of the provisions of this Indenture or of the Bonds for any reason, is held to be illegal or invalid such illegality or invalidity shall not affect any other provisions of this Indenture or the Bonds, and this Indenture and the Bonds shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained therein.

Section 12.04 *Officials of Issuer Not Liable.* No personal recourse may be taken, directly or indirectly, against any past, present or future officer, director, employee or agent of the Issuer with respect to the obligations of the Issuer under this Indenture or any certificate or other writing delivered in connection therewith. The Issuer's immunities and protections from liability and its right to indemnification in connection with the performance of its duties and functions under this Indenture shall extend to the Issuer's past, present and future officers, directors, employees and agents.

Section 12.05 *Governing Law; Jurisdiction; Waiver of Jury Trial.* The laws of the State shall govern the construction of this Indenture and of all Bonds issued hereunder. 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. To the extent permitted by State law, 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 12.06 Notices; Publication of Notice.

(a) All notices, advice, certifications or other communications hereunder between the Issuer and the Trustee shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by electronic means (including, without limitation, facsimile transmission) addressed to the appropriate Notice Address. The Issuer or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to Persons other than the Issuer or the Trustee (such as, for example, notices to owners of Bonds) shall be governed by the other applicable provisions of this Indenture.

(b) Whenever the Issuer or the Trustee is required or permitted to give or publish notice of any event or occurrence under this Indenture, such notice shall be given or published in such manner and by such means as the Issuer or the Trustee, as the case may be, shall determine to be appropriate. Such publication may be by (but is not limited to) any of the following means: (1) publication in one or more newspapers or trade journals selected by the Issuer or the Trustee, as the case may be; (2) publication by or through one or more financial information reporting services; (3) delivery to one or more “nationally recognized municipal securities information repositories” (as such term is defined in Securities and Exchange Commission Rule 15c2-12) or any successor repository or entity fulfilling a substantially similar or like role; or (4) by mailing a copy of such notice by first class mail, postage prepaid, to the Person entitled to receive the notice at such Person’s address as shown on the records of the Issuer or the Trustee.

Section 12.07 Trustee as Paying Agent and Bond Registrar. The Trustee is hereby designated and agrees to act as paying agent and Bond registrar for and in respect to the Bonds.

Section 12.08 Execution of Instruments by Bondholders and Proof of Ownership of Bonds. Any request, direction, consent or other instrument in writing required or permitted by this Indenture to be signed or executed by Bondholders may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondholders in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Bonds shall be sufficient for any purpose of this Indenture and shall be conclusive in favor of the Trustee with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any Person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the Person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of Bonds shall be conclusively proved by the registration books kept under the provisions of Section 2.08 of this Indenture.

Nothing contained in this Article shall be construed as limiting the Trustee to such proof, it being intended that the Trustee may accept any other evidence of the matters herein stated which to it may seem sufficient. Any request or consent of the Holder of any Bond shall bind every future Holder of the same Bond in respect of anything done by the Trustee pursuant to such request or consent.

Section 12.09 Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the same instrument. The exchange of copies of this Indenture and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this Indenture as to the parties hereto, and may be used in lieu of the original Indenture for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 12.10 U.S.A. Patriot Act Requirements of the Trustee. 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, the Trustee may request documentation to verify such Person's formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

Section 12.11 Dispute Resolution. If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Indenture or the Loan Agreement, or the Trustee is in doubt as to the action to be taken hereunder, the Trustee may, at its option, after sending written notice of the same to the Issuer, Servicer and Borrower, refuse to act until such time as it (a) receives a final non-appealable order of a court of competent jurisdiction directing it as to such matter or (b) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Trustee, directing it as to such matter. The Trustee will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Trustee may file an interpleader action in a state or federal court, and upon the filing thereof, the Trustee will be relieved of all liability as to the assets deposited with the court and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

Section 12.12 Compliance with Texas Government Code.

The Trustee hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the

term of this Indenture, the Loan Agreement, the Regulatory Agreement, and the Tax Exemption Agreement (collectively, the “Representation Documents”), and such representation is hereby incorporated by reference into each of the Representation Documents. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ 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 specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes. The Trustee understands ‘affiliate’ to mean an entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

The Trustee represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer’s internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Trustee and each of its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization. The Trustee understands “affiliate” to mean any entity that controls, is controlled by, or is under common control with the Trustee and exists to make a profit.

Trustee further agrees and represents that the total value of the Representation Documents due to Trustee pursuant to the Representation Documents shall not exceed the dollar limitation set forth in Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) and Section 2274.002(a)(2) of the Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session).

[Execution pages follow.]

IN WITNESS WHEREOF, the Issuer has caused this Indenture to be signed in its name and behalf by its Authorized Officer, and the Trustee has caused this Indenture to be signed in its name by one of its duly authorized officers, all as of the day and year first above written.

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

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

[Signatures continue next page]

Issuer signature Page to Trust Indenture

TDHCA (Palladium East Berry Street)

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

By: _____

Name: Kushina White

Title: Vice President

Trustee signature Page to Trust Indenture

TDHCA (Palladium East Berry Street)

EXHIBIT A
FORM OF BOND

THIS BOND IS A RESTRICTED SECURITY AND MAY BE TRANSFERRED ONLY AS PROVIDED HEREIN AND IN THE HEREIN DESCRIBED INDENTURE.

No. [R-___][I-1]

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
MULTIFAMILY HOUSING REVENUE BONDS
(PALLADIUM EAST BERRY STREET)
SERIES 2022

DATED DATE	INTEREST RATE	MATURITY DATE
July [___], 2022	As stated below	July 20, 2040

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

FOR VALUE RECEIVED, the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the “Issuer”), hereby promises to pay (but only out of the Trust Estate pledged therefor) to the registered owner identified above, or its successor or registered assignee or legal representative, unless previously called for redemption, the principal amount set forth above, on the Maturity Date identified above, in lawful money of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon the presentation and surrender of this Bond at the corporate trust office of Wilmington Trust, National Association, as trustee, or its successor in trust (the “Trustee”), and to pay interest thereon (but only out of the Revenues) to the registered owner hereof from the later of the (i) most recent Interest Payment Date or (ii) Dated Date identified above to, but not including, the Maturity Date specified above (or earlier redemption date), at the Index Interest Rate per annum identified below (subject to adjustment or change as provided in the hereinafter-defined Indenture), payable at the times and in the manner hereinafter set forth. Principal hereof shall be payable, upon the request of any registered holder of Bonds on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such holder to the Trustee in writing. All interest hereon shall be paid by check or draft mailed by the Trustee to the registered owner hereof at his address as it appears on the registration books of the Issuer, or, upon the request of any registered holder of Bonds having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number provided by such registered owner to the Trustee in writing, such interest being payable on each Interest Payment Date.

This Bond is one of a total authorized issue of \$26,092,000 all of like tenor except as to date, interest rate, maturity, number and amount. The Bonds of this issue shall be issued in one series, designated as the Issuer's Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the "Bonds"), issued under and pursuant to the Constitution and laws of the State of Texas, including particularly Chapter 2306, Texas Government Code, as amended (the "Act") and a resolution of the Governing Board of the Issuer, for the purpose of making a loan of the proceeds thereof to Palladium East Berry, Ltd., a Texas limited partnership (the "Borrower") to finance the costs of acquisition, construction and equipping of a multi-family residential rental housing project in Fort Worth, Texas, and to be known as Palladium East Berry Street (the "Project"). The proceeds of the Bonds are being lent to the Borrower by the Issuer under a Loan Agreement dated as of July 1, 2022 among the Borrower, Cedar Rapids Bank and Trust Company and the Issuer (the "Loan Agreement") and evidenced by a Promissory Note dated July [], 2022 from the Borrower to the Issuer (the "Note").

The Bonds are issued under a Trust Indenture dated as of July 1, 2022 between the Issuer and the Trustee (the "Trust Indenture"), and, to the extent provided therein, are, equally and ratably secured and entitled to the protection given by the Trust Indenture. Pursuant to the Trust Indenture, the Issuer has assigned to the Trustee, for the benefit of the Holder of the Bonds (among other things) all of its right, title and interest (except the Reserved Rights of the Issuer) in and to the Loan Agreement and Note. Pursuant to the Note and the Loan Agreement, payments sufficient for the prompt payment when due of the principal of and interest on the Bonds are to be paid by the Borrower to the Trustee. The obligations of the Borrower under the Note and the Loan Agreement are further secured by the proceeds of the Bonds deposited into the Project Fund created pursuant to the Trust Indenture for payment to the Holder of the Bonds.

Reference is made to the Trust Indenture, the Note, and the Loan Agreement and to all amendments and supplements thereto for a description of the property pledged and assigned and the provisions, among others, with respect to the nature and extent of the security, the rights, duties and other obligations of the Issuer and the Trustee, the terms on which the Bonds are issued and secured, the rights of the Holder of the Bonds and provisions for defeasance of such rights. Capitalized terms used herein have the same meaning as set forth in the Trust Indenture. The terms and conditions set forth herein concerning payment and other rights and remedies of the owners of the Bonds are descriptive only and are subject in all cases to the terms and conditions as set forth in the Trust Indenture.

THE BONDS, TOGETHER WITH INTEREST THEREON, AND REDEMPTION PREMIUM, IF ANY, ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER SECURED BY THE TRUST ESTATE, ARE AND WILL ALWAYS BE PAYABLE SOLELY FROM THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE (EXCEPT TO THE EXTENT PAID OUT OF MONEYS ATTRIBUTABLE TO PROCEEDS OF THE BONDS OR THE INCOME FROM THE TEMPORARY INVESTMENT THEREOF), AND ARE AND WILL ALWAYS BE A VALID CLAIM OF THE OWNER THEREOF ONLY AGAINST THE REVENUES AND INCOME DERIVED FROM THE TRUST ESTATE, WHICH REVENUES AND INCOME MAY BE USED FOR NO OTHER PURPOSE THAN TO PAY THE PRINCIPAL INSTALLMENTS OF, REDEMPTION

PREMIUM, IF ANY, AND INTEREST ON THE BONDS, EXCEPT AS MAY BE EXPRESSLY AUTHORIZED OTHERWISE IN THIS INDENTURE AND IN THE FINANCING AGREEMENT. THE BONDS AND THE OBLIGATION TO PAY INTEREST THEREON AND REDEMPTION PREMIUM, IF ANY, DO NOT NOW AND WILL NEVER CONSTITUTE A DEBT OR AN OBLIGATION OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF WILL BE LIABLE THEREFOR. **THE BONDS ARE NOT AND DO NOT CREATE OR CONSTITUTE IN ANY WAY AN OBLIGATION, A DEBT OR A LIABILITY OF THE STATE OF TEXAS OR ANY POLITICAL SUBDIVISION THEREOF, OR CREATE OR CONSTITUTE A PLEDGE, GIVING OR LENDING OF THE FAITH, CREDIT, OR TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION THEREOF. THE ISSUER HAS NO TAXING POWER.**

Neither the members of the governing body of the Issuer nor any officer, agent, representative or employee of the Issuer nor any person executing this Bond shall be subject to any personal liability or accountability by reason of the issuance hereof, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly waived as a condition of and in consideration for the execution of the Indenture and the issuance of the Bonds.

This Bond is negotiable and is transferable, subject to certain restrictions as provided in the Trust Indenture and described below, only upon the books of the Issuer kept at the office of the Trustee, by the registered owner hereof in person or by his duly authorized attorney, and may be exchanged for new Bonds of the same aggregate principal amount of authorized denominations, maturity and interest rate, in registered form, but only upon presentation and surrender of this Bond, all in the manner and subject to the limitations and conditions provided in the Trust Indenture. The Issuer and the Trustee may deem and treat the Person in whose name this Bond is registered as the absolute owner hereof for all purposes; and neither the Issuer nor the Trustee shall be affected by any notice to the contrary.

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO TRANSFER SUCH SECURITY ONLY (A) TO A PERSON WHO IS A "QIB" AS DEFINED IN RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR (B) TO AN ACCREDITED INVESTOR (AS DEFINED IN RULE 501(A)(1), (2), (3), (7), OR (8) OF REGULATION D PROMULGATED UNDER THE SECURITIES ACT) (EACH AN "APPROVED TRANSFEREE", AND COLLECTIVELY, "APPROVED TRANSFEREES"), IN EITHER CASE, WHICH IS ACQUIRING THIS SECURITY FOR ITS OWN ACCOUNT OR AS A FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT FOR OTHER BENEFICIAL HOLDERS HOLDING BENEFICIAL INTERESTS IN THE BONDS THROUGH SUCH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT (WHICH FIDUCIARY, CUSTODIAN, TRUSTEE OR AGENT AND SUCH BENEFICIAL HOLDERS MUST ALSO BE AN APPROVED TRANSFEREE); PROVIDED, AS A CONDITION PRECEDENT TO ANY SUCH TRANSFER ANY SUCH PROSPECTIVE

TRANSFeree SHALL DELIVER TO THE ISSUER AND TRUSTEE AN INVESTOR LETTER IN SUBSTANTIALLY THE FORM SET FORTH IN EXHIBIT C TO THE INDENTURE.

This Bond shall bear interest at the Index Interest Rate; provided upon the occurrence of a Determination of Taxability, this Bond shall bear interest from the date of the Determination of Taxability at the Taxable Rate. On each Interest Payment Date, interest accrued through the day immediately preceding such Interest Payment Date shall be payable. Interest on the Bonds shall be computed on the basis of a year of 360 days and the actual days elapsed; provided, while this Bond bears interest at the Taxable Rate, interest on this Bond shall be computed on the basis of a year of 365 or 366 days, as applicable, and actual days elapsed.

The Bonds are issuable in the form of registered Bonds without coupons in denominations of \$100,000 each or any integral multiple of \$5,000 in excess thereof.

The Bonds are subject to mandatory redemption prior to maturity as set forth in the Indenture.

Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the tender date.

The Holder of this Bond shall have no right to enforce the provisions of the Trust Indenture, or to institute action to enforce the covenants therein, or to take any action with respect to any default under the Trust Indenture, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Indenture. The Trustee shall treat the registered owner of this Bond as the person exclusively entitled to payment of principal and interest, and the exercise of all rights and powers of the owner of this Bond.

All acts, conditions and things required by the statutes of the State of Texas, the Act and the Trust Indenture to exist, to have happened and to have been performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed.

In any case where the date of maturity of or interest on this Bond shall be, in the city wherein the corporate trust office of the Trustee is located, a Saturday, a Sunday or legal holiday, or a day on which banking institutions are authorized by law to close, then payment of interest or principal need not be made on such date but may be made on the next succeeding business day not a Saturday, a Sunday or a legal holiday or day upon which banking institutions are authorized by law to close with the same force and effect as if made on the date of maturity.

This Bond shall not be entitled to any benefit under the Trust Indenture, or be valid or become obligatory for any purpose, until this Bond shall have been authenticated by the execution by the Trustee of the Trustee's Certificate or the execution by the Comptroller of Public Accounts of the State of Texas of the Comptroller's Registration Certificate hereon.

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name under its official seal by the manual or facsimile signature of its Chair or Vice Chair under its official seal, or a facsimile, and attested by the manual or facsimile signature of its Secretary all as of the Dated Date hereof.

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

(SEAL)

By: _____
Title: [Vice] Chair

ATTEST:

By: _____
Title: Secretary

[FORM OF COMPTROLLER'S REGISTRATION
CERTIFICATE ON INITIAL BOND]

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 duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Comptroller of Public Accounts of the
State of Texas

(SEAL)

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION
ON EACH BOND OTHER THAN THE INITIAL BOND]

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds described in the Trust Indenture referred to in this Bond.

Wilmington Trust, National Association, as Trustee

By _____
Authorized Signature

Date of Authentication: _____

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number: _____

the within bond and all rights thereunder, and hereby irrevocably constitutes and appoints

Attorney to transfer the said bond on the books of the within-named Issuer maintained by the Trustee for the registration thereof, with full power of substitution in the premises.

Notice: The signature to this assignment must correspond with the name as it appears on the face of the within bond in every particular, without alteration or enlargement or any change whatever. The signature must be guaranteed.

Signature guaranteed by:

[Bank, Trust Company or Firm]

Authorized Signature

(Signature(s) must be guaranteed by a broker or other financial institution which is a participant in the Securities Transfer Agent's Medallion Program (STAMP, SEMP, MSP)).

EXHIBIT B

FORM OF REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS
PURSUANT TO SECTION 3.3 OF THE LOAN AGREEMENT AND SECTION
5.02 OF THE INDENTURE

Pursuant to Section 3.3 of the Loan Agreement dated as of July 1, 2022 (the “*Loan Agreement*”) among the Texas Department of Housing and Community Affairs (the “*Issuer*”), Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as Purchaser, and Palladium East Berry, Ltd., a Texas limited partnership (the “*Borrower*”), and Section 5.02 of the Trust Indenture dated as of July 1, 2022 (the “*Indenture*”), between the Issuer and Wilmington Trust, National Association, as trustee (the “*Trustee*”), the undersigned Authorized Borrower Representative hereby requests and authorizes the Trustee, as depositary of the Project Fund (the “*Fund*”) created by the Indenture, to pay 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, the Loan Agreement or 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 is properly payable out of the 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 Fund.

(b) Each item for which disbursement is requested from the Fund 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 proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;

(ii) less than 25% of the proceeds of the Bonds will have been used for the cost of acquiring land; and

(iii) not more than 2% of the 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 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 Encumbrances 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__.

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership

By: Palladium East Berry GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Thomas E. Huth, Manager

Approved:
CEDAR RAPIDS BANK AND TRUST COMPANY,
an Iowa state-chartered banking corporation

By: _____
Name: _____
Title: _____

Disbursement Schedule

TO STATEMENT NO. _____ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS FROM THE
PROJECT FUND PURSUANT TO SECTION 3.3 OF THE LOAN AGREEMENT

EXHIBIT C
FORM OF INVESTOR LETTER

[DATE]

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

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, TX 75248
Attention: Corporate Trust Department

RE: Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022

Ladies and Gentlemen:

The undersigned representative of _____ (the “Purchaser”), the initial purchaser of the Texas Department of Housing and Community Affairs \$26,092,000 Multifamily Housing Revenue Bonds (Palladium East Berry Street), Series 2022, dated July [], 2022 (the “Bonds”), does hereby certify, represent and warrant for the benefit of the Texas Department of Housing and Community Affairs (the “Issuer”) and Wilmington Trust, National Association, as trustee (the “Trustee”), that the Purchaser is an “accredited investor” as defined under Regulation D of the Securities Act of 1933, as amended (an “Accredited Investor”), excluding Section 230.501(a)(4), (a)(5) and (a)(6), or a “qualified institutional buyer” as defined in Rule 144A under the Securities Act of 1933, as amended (a “QIB”).

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Issuer and the Trustee, as follows:

(1) The Purchaser is purchasing the Bonds with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof, other than the deposit of the Bonds in a custodial or trust arrangement each of the beneficial owners of which shall be required to be an Accredited Investor or a QIB.

(2) The Purchaser has such knowledge and experience in business and financial matters and with respect to the purchase and ownership of multifamily housing revenue

bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto; the Purchaser has no need for liquidity in such investment; and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Bonds by the Issuer. The Purchaser either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Issuer, Palladium East Berry, Ltd., a Texas limited partnership (the “Borrower”), and its credit standing, the Loan Agreement dated as of July 1, 2022, among the Issuer, Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, as Purchaser, and the Borrower (the “Loan Agreement”), the Indenture of Trust dated as of July 1, 2022, between the Issuer and the Trustee (the “Indenture”), and the Bonds so that, as a sophisticated investor, the Purchaser has been able to make its decision to purchase the Bonds.

(4) The Purchaser has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information it may request.

(5) The Purchaser is a nationally- or state-chartered bank that regularly extends credit to state and local governments by making loans the repayment obligations under which are evidenced by obligations such as the Bonds; has knowledge and experience in financial and business matters that make it capable of evaluating the Borrower, the Bonds and the risks associated with the extension of credit evidenced by the Bonds; and has the ability to bear the economic risk of extending the credit evidenced by the Bonds. The Purchaser is not acting as a broker, dealer, municipal securities underwriter, municipal advisor or fiduciary in connection with its extension of credit evidenced by the Bonds.

(6) The Purchaser acknowledges that (a) the Bonds (i) have not been registered under the Securities Act of 1933, as amended, (ii) have not been registered or otherwise qualified for sale under the securities laws of any state, and (iii) will not be listed on any securities exchange and (b) there is no established market for the Bonds and that none is likely to develop.

(7) THE PURCHASER UNDERSTANDS THAT:

(a) NEITHER THE STATE OF TEXAS NOR ANY POLITICAL SUBDIVISION OR AGENCY OF THE STATE OF TEXAS, SHALL BE LIABLE OR OBLIGATED (GENERALLY, SPECIALLY, MORALLY OR OTHERWISE) TO PAY THE PRINCIPAL OF THE BONDS OR THE PREMIUM, IF ANY, OR INTEREST THEREON, AND NEITHER THE FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, OR ANY OTHER POLITICAL

SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS; AND

(b) THE ISSUER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS IS PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE TRUSTEE ON BEHALF OF THE ISSUER UNDER THE LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE INDENTURE.

(8) The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, there must be delivered to the Trustee a letter of the transferee in substantially the same effect as this letter or otherwise as permitted under the Indenture.

(9) The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to an Eligible Purchaser. "Eligible Purchaser" means a prospective transferee that the Purchaser has clear grounds to believe and does believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

(10) THE PURCHASER INDEMNIFIES THE ISSUER AND THE TRUSTEE AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THIS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT.

(11) The Purchaser is acquiring 100% of the Bonds.

The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Issuer and the Borrower. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

The Bonds for this Purchaser should be registered with the Trustee as follows and an executed W-9 has been attached:

Name: _____

Address: _____

Tax ID #: _____

Payment instructions: () wire () check

This letter and the representations and agreements contained herein are made for your benefit.

IN WITNESS WHEREOF, I have hereunto set my hand the _____ day of _____.

PURCHASER:

By: _____

Name: _____

Title: _____

**MUST BE SIGNED BY ACTUAL
PURCHASER. MAY NOT BE SIGNED BY
NOMINEE OR AGENT.**

EXHIBIT D

FORM OF CONVERSION NOTICE

PROJECT NAME: Palladium East Berry Street
PROJECT LOCATION: Fort Worth, Texas
ORIGINAL BOND AMOUNT: \$26,092,000
ISSUER: Texas Department of Housing and Community Affairs
TRUSTEE: Wilmington Trust, National Association
BORROWER: Palladium East Berry, Ltd.

The Purchaser hereby acknowledges that all Conversion Conditions have been satisfied or waived by the Purchaser.

1. The Permanent Loan Amount is \$_____.
2. The Conversion Date will occur on _____.
3. If applicable, a revised Amortization Schedule for the Permanent Loan Amount is attached.

PURCHASER

**CEDAR RAPIDS BANK AND TRUST
COMPANY**, an Iowa state-chartered banking
corporation

By: _____
Name: _____
Title: _____

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

**CEDAR RAPIDS BANK AND TRUST COMPANY, an Iowa state-chartered banking
corporation,
as Purchaser**

and

**PALLADIUM EAST BERRY, LTD., a Texas limited partnership,
as Borrower**

LOAN AGREEMENT

Relating to

\$26,092,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Palladium East Berry Street)
Series 2022**

Dated as of July 1, 2022

The interest of the Texas Department of Housing and Community Affairs (the “Issuer”) in this Loan Agreement has been assigned (except for the “Reserved Rights” as defined in the Indenture) pursuant to the Trust Indenture (the “Indenture”) dated as of the date hereof between the Issuer and Wilmington Trust, National Association, as trustee (the “Trustee”), and is subject to the security interest of the Trustee thereunder.

(This Table of Contents is not a part of the Loan Agreement and is only for convenience of reference.)

- ARTICLE I DEFINITIONS 2
 - 1.1. Definitions..... 2
 - 1.2. Accounting Terms..... 6
 - 1.3. Rules of Construction. 6
 - 1.4. Uses of Phrases. 7
- ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES..... 7
 - 2.1. Representations, Covenants and Warranties of the Issuer. 7
 - 2.2. Representations, Covenants and Warranties of the Borrower and the General Partner..... 8
 - 2.3. Representations, Warranties and Covenants of the Purchaser. 14
 - 2.4. Additional Representations, Warranties and Undertakings of the Borrower and the General Partner. 14
 - 2.5. Tax-Exempt Status of the Bonds. 18
 - 2.6. Commencement and Completion..... 19
 - 2.7. Notice of Determination of Taxability..... 19
 - 2.8. Compliance with Texas Government Code. 19
- ARTICLE III CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS..... 21
 - 3.1. Agreement to Construct the Project. 21
 - 3.2. Agreement to Issue, Sell and Deliver the Bonds; Deposit of Bond Proceeds. 21
 - 3.3. Disbursements from the Project Fund..... 21
 - 3.4. Intentionally omitted. 22
 - 3.5. Establishment of Completion Date. 22
 - 3.6. Borrower Required to Pay in Event Project Fund Insufficient. 22
- ARTICLE IV LOAN PROVISIONS..... 23
 - 4.1. Loan of Proceeds..... 23
 - 4.2. Amounts Payable. 23
 - 4.3. Intentionally omitted. 24
 - 4.4. Fees and Expenses. 24
 - 4.5. Obligations of the Borrower Unconditional. 25

ARTICLE V SPECIAL COVENANTS	26
5.1. No Warranty of Condition or Suitability by Issuer.....	26
5.2. Access to the Property.	26
5.3. Alterations, Additions and Improvements	26
5.4. Further Assurances and Corrective Instruments.	27
5.5. Issuer and Borrower Representatives.....	27
5.6. Financing Statements.....	28
5.7. Insurance.	28
5.8. Requisitions.....	28
5.9. Covenants Regarding Tax Credits.	28
5.10. Intentionally omitted.	30
5.11. Borrower’s Obligations Upon Redemption of Bonds.....	30
5.12. Option to Terminate.....	30
ARTICLE VI RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING; INDEMNIFICATION	31
6.1. Restriction on Transfer; Removal of General Partner.	31
6.2. Indemnification by Borrower and General Partner.....	34
6.3. Issuer to Grant Security Interest to Trustee.	39
ARTICLE VII DEFAULTS AND REMEDIES	39
7.1. Defaults Defined.	39
7.2. Remedies on Default.....	40
7.3. No Remedy Exclusive.....	40
7.4. Agreement to Pay Attorneys’ Fees and Expenses.	41
7.5. No Additional Waiver Implied by One Waiver.....	41
7.6. Right to Cure.....	41
ARTICLE VIII DAMAGE TO THE PROPERTY; APPLICATION OF NET CASUALTY PROCEEDS.....	41
8.1. Damage to the Property	41
ARTICLE IX MISCELLANEOUS	42
9.1. Term of Agreement.....	42
9.2. Notices.	42
9.3. Nonrecourse Liability of Borrower.....	42
9.4. No Pecuniary Liability of Issuer.	43

9.5.	Binding Effect	44
9.6.	Severability.	44
9.7.	Amounts Remaining in Funds.	44
9.8.	Amendments, Changes and Modifications.	44
9.9.	Execution in Counterparts.....	45
9.10.	Applicable Law	45
9.11.	Captions	45
9.12.	Use of Proceeds of the Bonds	45

EXHIBIT A	LEGAL DESCRIPTION OF LAND
EXHIBIT B	FORM OF PROMISSORY NOTE
EXHIBIT C	AMORTIZATION SCHEDULE
EXHIBIT D	FORM OF COMPLETION CERTIFICATE

LOAN AGREEMENT

THIS LOAN AGREEMENT (this “**Agreement**”) is entered into as of July 1, 2022, among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas (the “**Issuer**”), **CEDAR RAPIDS BANK AND TRUST COMPANY**, an Iowa state-chartered banking corporation (the “**Purchaser**”), and **PALLADIUM EAST BERRY, LTD.**, a Texas limited partnership (the “**Borrower**”).

W I T N E S S E T H:

WHEREAS, the Issuer is authorized under Chapter 2306, Texas Government Code, as amended (the “**Act**”) to enter into loan agreements with respect to one or more projects authorized under the Act for such payments and upon such terms and conditions as the Issuer may deem advisable in accordance with the provisions of the Act; and

WHEREAS, the Borrower intends to construct certain Improvements on the real property located at 2350 East Berry Street, Fort Worth, Tarrant County, Texas 76105 (the “**Land**”), which Land is more particularly described in Exhibit A attached hereto. On the Land will be constructed a multifamily apartment housing facility consisting of total of 240 units and related personal property and equipment to be known as Palladium East Berry Street (the “**Project**”); and

WHEREAS, the Borrower has requested the Issuer to issue its Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “**Bonds**”), the proceeds of which will be utilized to make a mortgage loan to the Borrower (the “**Bond Loan**”) for purposes of paying a portion of the costs of the acquisition, construction and equipping of the Project; and

WHEREAS, pursuant to and in accordance with the Act, the Issuer desires to provide funds to finance a portion of the acquisition, construction and equipping of the Project and the payment of certain costs of issuance by issuing the Bonds, pursuant to a Trust Indenture by and between the Issuer and Wilmington Trust, National Association, as Trustee, of even date herewith (the “**Indenture**”); and

WHEREAS, the Purchaser, pursuant to the terms and subject to the conditions of the Continuing Covenant Agreement (as defined in the Indenture), has agreed to purchase the Bonds, the proceeds of which will be used by the Issuer to fund the Bond Loan to the Borrower pursuant to this Loan Agreement; and

WHEREAS, the Bond Loan will be evidenced by this Loan Agreement and a promissory note dated the date of delivery of the Bonds and in the form attached hereto as Exhibit B (the “**Note**”) from the Borrower to the Issuer; and

WHEREAS, to provide and secure amounts to repay the Bond Loan the Borrower has executed this Loan Agreement, a Deed of Trust, Assignment, Security Agreement, Assignment of Leases and Rents and Fixture Filing, dated the Closing Date, granted by the Borrower with respect to the Project to a trustee named therein, for the benefit of the Issuer (and assigned to the Trustee) (the “**Deed of Trust**”), and other documents executed and delivered for the purpose of securing the Bond Loan; and

WHEREAS, the obligations of the Borrower under this Loan Agreement and the Note will be secured by (i) the proceeds of the Bonds deposited in the Project Fund created pursuant to Section 4.01 of the Indenture; and (ii) the Deed of Trust; and

WHEREAS, the Issuer has expressly determined and hereby confirms that the issuance of the Bonds will accomplish a valid public purpose of the Issuer by enabling the Issuer to require the Borrower to comply with the provisions of this Loan Agreement with respect to the Project and the Regulatory Agreement, dated as of the same date as this Loan Agreement; and

WHEREAS, the acquisition, construction and equipping of the Project will be financed in whole or in part with proceeds of the Bonds; and

WHEREAS, the parties hereto, intending to be legally bound hereby, and for and in consideration of the premises and the mutual covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows; provided, that any obligation of the Issuer created by or arising out of this Loan Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of the State of Texas (the “**State**”), but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding:

ARTICLE I DEFINITIONS

1.1. Definitions.

In this Loan Agreement, all capitalized, undefined terms used herein shall have the same meanings as used in Article I of the Indenture. In addition to the words and terms defined in the Indenture and elsewhere herein, the following words and phrases shall have the following meanings:

“**Anti-Corruption Laws**” means all laws, rules, and regulations of any jurisdiction applicable to the Borrower and its affiliated companies from time to time concerning or relating to bribery or corruption.

“**Arbitration**” means the submitting of a dispute as provided under Section 6.1 of this Loan Agreement regarding the removal of a General Partner, in the manner provided under the Commercial Arbitration Rules of the American Arbitration Association then in effect; such Arbitration shall be conducted before one arbitrator, chosen in accordance with such rules in the State, and shall be binding on all parties to the dispute; judgment on the award of such arbitrator may be rendered by any court having jurisdiction of such parties and the subject matter. The expense of such Arbitration shall be borne equally by the Borrower and the General Partner.

“**Code**” has the meaning set forth for such term in the Regulatory Agreement.

“**Condemnation**” means any taking of title, of use, or of any other property interest under the exercise of the power of eminent domain, by any governmental body or by any person acting under Governmental Authority.

“Eligible Costs” has the meaning assigned thereto in Section 9.12 hereof.

“Encumbrance” means any mortgage, pledge, lien, security interest, charge or other encumbrance, including but not limited to (i) any covenant or agreement restricting, regulating or otherwise affecting the use of, and binding on and running with, the Land or the Property and (ii) utility easements or service agreements which benefit the Property and which do not encroach upon the Improvements.

“Force Majeure” means, to the extent the Project is materially adversely affected, fire, earthquake, major flooding, any other condition causing the area within which the Project is located to be declared a federal disaster area, other acts of nature, strike, lockout, acts of public enemy, riot, insurrection, emergency affecting the sale or transportation of materials or supplies needed to construct the Project, or any similar condition not in the control of the Borrower.

“General Partner” means Palladium East Berry GP, LLC, a Texas limited liability company, and its permitted successors and assignees.

“Governmental Requirements” means all laws, ordinances, orders, rules or regulations of all Governmental Authorities applicable to the Project, the Issuer, the Borrower or any of the Borrower’s assets or other properties, including without limitation, laws, ordinances, orders, rules and regulations relating to securities or other public disclosures, zoning, licenses, permits, subdivision, building, safety, health, and fire protection and all environmental laws.

“Hazardous Materials” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBS”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become friable; underground or above-ground storage tanks, whether empty or containing any substance; any substance the presence of which at the Project is prohibited by any federal, state or local authority; any substance that requires special handling under any Hazardous Materials Law; and any other material or substance now or in the future defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “contaminant,” or “pollutant” within the meaning of any Hazardous Materials Law, but does not include any such substance that is a customary and ordinary household, cleaning, office, swimming pool or landscape maintenance product used on the Project by the Borrower or any tenant or agent of the Borrower, or customary construction materials used during the course of construction of the Project by the Borrower, provided such use is in accordance with applicable Hazardous Materials Laws.

“Hazardous Materials Law” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, administrative rulings and court judgments and decrees in effect now or in the future and including all amendments, that relate to Hazardous Materials and apply to the Borrower or to the Project. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., the Toxic Substance Control Act, 15 U.S.C. Section 2601, et seq., the Clean Water Act, 33 U.S.C. Section 1251, et seq., and the

Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, and their state analogs, including laws of the State.

“Permitted Encumbrances” means (a) any matters set forth in any policy of title insurance issued to the Trustee and insuring the Trustee’s interest in the Project which are acceptable to the Purchaser as of the date hereof, (b) the Encumbrances and interests of the Deed of Trust, as applicable, (c) any other Encumbrance approved in writing by the Purchaser, (d) the Regulatory Agreement, (e) the Swap Mortgage, (f) the Housing Trust Fund Loan, (g) liens for property taxes not delinquent or being contested in good faith and by appropriate proceedings, (h) granting liens or other security interests in favor of the Issuer, Trustee or Purchaser, and (i) any agreements, restrictions and covenants existing and required in connection with any tax-exempt bond financing, tax abatement and/or Section 42 of the Code.

“Permitted Transfers” means any of the following, subject to the laws of the State as then in effect at the time of such Permitted Transfer; provided, however, any such transfer shall have received the prior written consent of the Issuer, as required by the applicable provisions of Section 10 of the Regulatory Agreement (all such terms used in this definition and not otherwise defined in this Indenture shall have the meanings as set forth in the Regulatory Agreement):

(a) a Transfer to which the Purchaser has consented;

(b) prior to the Conversion Date, a Transfer which satisfies the following subparagraphs A through C: (A) that is either: (i) by the Equity Investor of all or a portion of its partnership interest in the Borrower directly or indirectly only to another entity which is Controlled by the Equity Investor or an Affiliate of the Equity Investor, (ii) by a partner or member of the Equity Investor of its partnership or membership interest in the Equity Investor provided that, immediately after the Transfer, the Equity Investor or the general partner or managing member, as applicable, of the Equity Investor is an Affiliate of the Equity Investor, or (iii) the pledge and encumbrance of the interests of the Equity Investor to or for the benefit of any financial institution which enables the Equity Investor to make its capital contributions to the Borrower as well as the taking of such interests by such financial institution and their admission as a partner or member in the Borrower; (B) the partners or members owning not less than seventy-five percent (75%) of the ownership interest in the Equity Investor are financial institutions or publicly held corporations with a rating of BBB- or better by Standard & Poor’s or Baa3 or better by Moody’s Investors Service, Inc., or wholly owned subsidiaries of such entities or otherwise approved by the Purchaser in writing, and (C) the Purchaser has received at least fifteen (15) days advance written notice of the Transfer (which notice shall include the identity of the transferee and its owners) and the Purchaser shall have received any additional information with respect to the Transfer as reasonably requested by the Purchaser;

(c) after the Conversion Date, a Transfer which satisfies the following subparagraphs A through C: (A) that is either: (i) by the Equity Investor of all or a portion of its partnership interest in the Borrower directly or indirectly to another entity, (ii) by a partner or member of the Equity Investor of its partnership or membership interest in the Equity Investor, or (iii) the pledge and encumbrance of the interests of the Equity Investor to or for the benefit of any financial institution which enables the Equity Investor to make its capital contributions to the Borrower as well as the taking of such interests by such financial institution and their admission as a partner or member in the Borrower; (B) the partners or members owning not less than seventy-five percent

(75%) of the ownership interest in the Equity Investor are Financial institutions or publicly held corporations with a rating of BBB- or better by Standard & Poor's or Baa3 or better by Moody's Investors Service, Inc., or wholly owned subsidiaries of such entities or otherwise approved by the Purchaser in writing, and (C) the Purchaser has received at least fifteen (15) days advance written notice of the Transfer (which notice shall include the identity of the transferee and its owners) and the Purchaser shall have received any additional information with respect to the Transfer as reasonably requested by the Purchaser;

(d) provided the Purchaser has received information with respect to the Transfer in advance thereof, including the identity of the substitute general partner and any other information reasonably requested by the Purchaser in writing, the removal of the General Partner for cause as set forth in the Organizational Documents so long as any substitute general partner is an Affiliate of the Equity Investor;

(e) a Transfer that occurs by devise, descent or by operation of law upon the death of a natural person;

(f) the grant of a leasehold interest in an individual dwelling unit for a term of two years or less not containing an option to purchase;

(g) a Transfer of obsolete or worn out personal property or fixtures that are contemporaneously replaced by items of equal or better function and quality, which are free of liens, encumbrances and security interests other than those created by the Documents otherwise consented to by the Purchaser;

(h) other than Permitted Encumbrances, the grant of an easement, servitude or restrictive covenant provided that, before the grant, the Purchaser has determined that the easement, servitude or restrictive covenant will not materially adversely affect the operation or value of the Project or the Purchaser's interest in the Project and the Borrower pays to the Purchaser, within ten (10) days of written demand, all costs and expenses incurred by the Purchaser in connection with reviewing the Borrower's request;

(i) the creation of a tax lien or mechanic's lien or judgment lien against the Project which is bonded off, released of record or otherwise remediated to the Purchaser's satisfaction within sixty (60) days of the date of creation;

(j) the execution, delivery and recordation of documents required in order to exercise the buyout option by and between the General Partner, or one or more of its Affiliates, and the Equity Investor or its Affiliate as set forth in the Organizational Documents, provided that the same is subject, subordinate and inferior to the liens and security interests of the Documents and that the exercise of any rights thereunder shall be subject to the Documents; and

(k) any Permitted Encumbrances.

"Plans and Specifications" means the plans and specifications for the Project approved in writing by the Issuer, together with such amendments thereto as are made from time to time in accordance with this Loan Agreement.

“Project Costs” shall have the meaning given to such term in the Tax Exemption Agreement.

“Qualified Project Costs” shall have the meaning given to such term in the Tax Exemption Agreement.

“Tax Exemption Agreement” shall have the meaning given to such term in the Indenture.

“Termination Date” means the date on which the principal of, premium (if any) and interest on the Bonds and the Note have been paid in full, and all of the Borrower’s Obligations and the Issuer’s Obligations are fully satisfied unless an Act of Bankruptcy shall occur within ninety-one (91) days thereafter, in which event the Termination Date shall not be deemed to occur until the Issuer, the Trustee or the Holders (as the case may be) is or are conclusively entitled (whether by final adjudication or otherwise) to retain such payment.

“Transfer” means (a) a sale, assignment, transfer or other disposition (whether voluntary, involuntary, or by operation of law), (b) the grant, creation, or attachment of a Lien, encumbrance or security interest (whether voluntary, involuntary, or by operation of law), (c) the issuance or other creation of a direct or indirect ownership interest, (d) the withdrawal, retirement, removal or involuntary resignation of any owner or manager of a legal entity, or (e) the merger, dissolution, liquidation or consolidation of a legal entity. The term “Transfer” shall not mean or include (i) the conveyance of the Project at a judicial or non-judicial foreclosure sale under the Security Instrument or (ii) the Project becoming part of a bankruptcy estate by operation of law under the United States Bankruptcy Code.

1.2. Accounting Terms.

Unless specifically provided otherwise, all accounting terms shall have the definitions given them in accordance with generally accepted accounting principles as applied to the applicable Person on a consistent basis in the preparation of its previous annual financial statements.

1.3. Rules of Construction.

The words “hereof”, “herein”, “hereunder”, “hereto”, “Agreement”, and other words of similar import refer to this Loan Agreement in its entirety.

The term “including” shall mean “including, but not limited to”.

References to Articles, Sections and other subdivisions of this Loan Agreement are to the designated Articles, Sections and other subdivisions of this Loan Agreement.

The headings of this Loan Agreement are for convenience only and shall not define or limit the provisions thereof.

All references made (a) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (b) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well.

Any reference to particular sections or subsections of the Code shall include any successor or predecessor provisions of law or regulations, to the extent the same shall apply to the Bonds.

“Reasonable” in the context of fees and expenses shall mean those fees and expenses charged by nationally recognized Bond Counsel firms; *provided, however*, that all costs and fees awarded by a court are not subject to the “reasonable” standard.

1.4. *Uses of Phrases.*

Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific sections of the Code refer to such sections of the Code and all successor or replacement provisions thereto.

ARTICLE II REPRESENTATIONS, COVENANTS AND WARRANTIES

2.1. *Representations, Covenants and Warranties of the Issuer.*

The Issuer represents, covenants and warrants that:

(a) The Issuer is a public and official agency of the State. Under the provisions of the Act, the Issuer is authorized to enter into this Loan Agreement and the Indenture and the transactions contemplated hereunder and thereunder and to carry out its obligations hereunder and thereunder. By proper action of its Board of Directors, the Issuer has been duly authorized to execute and deliver the Issuer Documents and to issue and sell the Bonds.

(b) The Issuer covenants that it will not pledge the amounts derived from this Loan Agreement other than as contemplated by the Indenture.

(c) The Issuer hereby finds and determines that financing the Project by the issuance of the Bonds will achieve the public purposes of the Act.

(d) No member or director of the Issuer, nor any other official or employee of the Issuer, has any interest, financial, employment or other, in the Borrower, the Project or in the transactions contemplated hereby.

(e) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bonds; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bonds or to carry out the transactions contemplated by any of the Issuer Documents or the Bonds.

(f) 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.

2.2. *Representations, Covenants and Warranties of the Borrower and the General Partner.*

The Borrower and the General Partner, as applicable, represent, covenant and warrant that:

(a) Good Standing; Single Purpose Covenants

(1) The Borrower (i) is a limited partnership duly organized and validly existing under the laws of the State of Texas qualified to transact business in the State, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Loan Agreement and the Tax Exemption Agreement, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State. The Borrower's business and purpose have always and shall consist solely of the ownership, development, operation and management of the Project and such other lawful activities as are incidental, necessary or appropriate thereto. The Borrower shall not incur any indebtedness other than Project indebtedness approved by the Issuer, indebtedness required under the Organizational Documents, and normal trade accounts payable in the ordinary course of the Borrower's business and/or advances on account of the Borrower. The Borrower shall not assume or guaranty any other Person's indebtedness or obligations. The Borrower shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The Borrower is not contemplating and shall not institute or consent to any bankruptcy, insolvency or reorganization proceedings with respect to it, consent to the appointment of a receiver or similar official with respect to it, make any assignment for the benefit of its creditors or admit in writing its inability to pay its debts generally as they become due. The Borrower shall: maintain books and records and bank accounts separate from those of any other Person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates; and transact all business with Affiliates on an arm's-length basis and pursuant to enforceable agreements. The Borrower shall not commingle its assets or funds with those of any other Person.

(2) The General Partner (i) is a limited liability company duly organized and existing in good standing under the laws of the State, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Loan Agreement, and the Tax Exemption Agreement, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State. The General Partner's business and purpose shall consist solely of acting as the General Partner of the Borrower. The General Partner shall not incur any indebtedness other than such obligations under the Project documents, the Organizational Documents and related documents, the Borrower's Project indebtedness approved by the Issuer and normal trade accounts payable in the ordinary course of its and the Borrower's business and shall not assume or guaranty any other Person's indebtedness or obligations. The General Partner shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The General Partner shall not, with respect to itself or the Borrower, institute or consent to any bankruptcy, insolvency or reorganization proceedings, consent to the appointment of a receiver or similar official, make or consent to any assignment for the benefit of creditors or admit in writing its or the Borrower's inability to pay debts generally as they become due. The General Partner shall: maintain books and records and bank accounts separate from those of any other Person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with Affiliates; and transact all business with Affiliates using reasonable and customary terms pursuant to enforceable agreements. The General Partner shall not commingle its assets or funds with those of any other Person.

(b) Authority. The Borrower and the General Partner have full power and authority to (i) execute and deliver the Borrower Documents and (ii) incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate action. All consents or approvals of any public authority which are required as a condition to the validity of this Loan Agreement, the Tax Exemption Agreement, the Note, and the Regulatory Agreement have been obtained.

(c) Binding Agreements. The Borrower Documents have been properly executed by a duly authorized partner or member, as applicable, of the Borrower and the General Partner (as applicable) and constitute valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower in accordance with their respective terms, subject to bankruptcy, insolvency or other laws affecting creditors' rights generally, and with respect to certain remedies which require, or may require, enforcement by a court of equity, such principles of equity as the court having jurisdiction may impose.

(d) Litigation. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened in writing against the Borrower, the General Partner or the Project before any court or administrative agency which, if determined adversely to the Borrower, will materially adversely affect the Borrower or the Project, or the authority of the Borrower to enter into or perform under the Borrower Documents.

(e) No Events of Default. To the Borrower's knowledge, no event has occurred and no condition exists with respect to the Borrower or the Project that would constitute a Default that is continuing or which, with the lapse of time, if not cured, or with the giving of notice, or both, would become a Default

(f) Conflicts; Defaults. There is (i) no provision of the Borrower's or General Partner's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the General Partner or affecting any of the Borrower's property and (ii) to the Borrower's or General Partner's knowledge, no provision of law or order of court binding upon the Borrower or General Partner or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Borrower Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

(g) Title to Project. The Borrower has or will have on the Closing Date a leasehold interest in the Land and a fee simple interest in the buildings constituting the site of the Project free and clear of any liens or encumbrances, other than the liens contemplated by the Construction Loan Documents, Permitted Encumbrances and Issuer Documents.

(h) Financial Statements. The financial statements of the Borrower and the General Partner delivered to the Issuer are each complete and correct and fairly present in all material respects the financial position of the Borrower and the General Partner and the results of operations as of the dates and for the periods referred to and, with respect to the Borrower and General Partner only, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods involved. There are no liabilities (of the type required to be reflected on balance sheets prepared in accordance with generally accepted accounting principles), direct or indirect, fixed or contingent, of the Borrower or the General Partner as of the date of such financial statements which are not reflected therein or in the notes thereto. There has been no material adverse change in the financial condition or operations of the Borrower or the General Partner since the date of such balance sheet (and to the Borrower's and General Partner's knowledge no such material adverse change is pending or threatened), and none of the Borrower or the General Partner has guaranteed the obligations of, or made any investment in or loans to, any Person except as disclosed in such balance sheet or as provided for in the Documents. The Borrower and General Partner have good and marketable title to all of its properties and assets, including the Property, and all of such properties and assets, including the Property, are free and clear of encumbrances (other than Permitted Encumbrances), except as reflected on such financial statements or in the notes thereto.

(i) Indenture. The Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Loan Agreement, that it has reviewed the Indenture, and it hereby approves 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 and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(j) Tax Exemption. The representations and warranties of the Borrower contained in the Tax Exemption Agreement and the Regulatory Agreement are true and correct, and as of the Closing Date, the Borrower is in compliance with all requirements of the Regulatory Agreement and the Tax Exemption Agreement.

(k) Compliance with Laws. The Project is of the type authorized and permitted by the Act and will, from the Closing Date forward, be operated in compliance with the provisions of the Act and the provisions of the Code applicable thereto. The Borrower will use due diligence to cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of the State and of other federal and local governmental bodies required for the operation of the Project.

(l) No Material Misstatements. The representations and warranties of the Borrower and the General Partner contained in the Borrower Documents (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance or delivery of the Bonds on the Closing Date), contain no material misstatement of 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. The representations and warranties of the Borrower and the statements, information and descriptions contained in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete in all material respects, do not contain any untrue statement or misleading statement of material fact, and do not omit to state a material fact necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and assumptions contained in this Loan Agreement and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the most accurate information available to the Borrower.

(m) Interest of Member or Agent of Issuer. To the knowledge of the Borrower, no member or agent of the Issuer has been or is in any manner interested, directly or indirectly, in that Person's own name or in the name of any other Persons, in the loan of the Bond proceeds, the Bonds, the Documents, the Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Documents.

(n) Reserved.

(o) Reserved.

(p) Tax Returns. The Borrower has filed or caused to be filed all required federal, state and local tax returns and has paid all taxes as shown on such returns as such taxes have become due. No claims have been assessed and are unpaid with respect to such taxes.

(q) No Reliance on Issuer. The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; 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 for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds.

(r) Fees. The Borrower shall pay all fees as provided under the Note and in this Loan Agreement, including the Issuer's Fees.

(s) Place of Business of Borrower. The Borrower has a place of business in the State.

(t) Name of Borrower and General Partner. The Borrower filed a Certificate of Formation with the State and since its date of filing has done business only under the name of Palladium East Berry, Ltd. The General Partner is Palladium East Berry GP, LLC, a Texas limited liability company.

(u) Governmental Requirements. To the Borrower's knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower; the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the Project; all necessary utilities are available or will be available to the Project; and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

(v) Condemnation. No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened in writing, with respect to the Project or any portion thereof.

(w) Compliance with Leasing Requirements of Code. At all times during the Qualified Project Period, as defined in the Regulatory Agreement, at least forty percent (40%) of the units in the Project will be occupied by tenants with incomes of sixty percent (60%) or less of the area median income as adjusted for family size and as determined in accordance with the provisions of Section 142(d) of the Code and applicable regulations issued thereunder. Within five (5) days after the commencement of the Qualified Project Period, the Borrower shall provide the Servicer and the Issuer with a certificate confirming that the Project is in compliance with the set-aside requirements of Section 142(d) of the Code.

(x) Exterior Installation Finish System. To the extent applicable, the Borrower will ensure that the installation of Exterior Installation Finish System ("EIFS") material,

will be accompanied by a 5-year warranty on the material and a 1-year warranty on labor and replacement costs.

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

(z) Regulation U. No part of the proceeds of the Bond Loan will be used for the purpose of purchasing or acquiring any “margin stock” within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other Regulation of such Board of Governors, or for any purpose prohibited by law or any Document.

(aa) Securities Law. The Borrower is not (i) an “investment company” or a company “controlled” by an “investment company,” within the meaning of the Investment Company Act of 1940, as amended; (ii) a “holding company” or a “subsidiary company” of a “holding company” or an “affiliate” of either a “holding company” or a “subsidiary company” within the meaning of the Public Utility Holding Company Act of 1935, as amended; or (iii) subject to any other federal, State, or state law or regulation which purports to restrict or regulate its ability to borrow money.

(bb) No Fraud. The Borrower has not entered into the Bond Loan or any Document with the actual intent to hinder, delay, or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Documents.

(cc) Intellectual Property. The Borrower possesses and will at all times possess all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(dd) Utilities. All utility services necessary and sufficient for the construction, development and operation of the Project are presently or will be, and, to the best of Borrower’s knowledge, will at all times necessary for the construction, development and operation of the Project be, available through dedicated public rights-of-way or through perpetual private easements with respect to which the Security Instrument creates a valid and enforceable first lien. The Borrower will also promptly obtain all utility installations and connections required for the operation and servicing of the Project for its intended purposes.

(ee) Flood Hazard Insurance. No part of the Property which is essential to the operation of the Project is located in an area identified by the Federal Emergency Management Agency as an area having special flood hazard or to the extent any such part of the Property is in an area identified as an area having special flood hazard, adequate flood insurance has been obtained by the Borrower.

(ff) Anti-Corruption Laws and Sanctions. The Borrower has implemented and maintains in effect policies and procedures designed to ensure compliance by the Borrower, its

subsidiaries and their respective directors, officers, partners, members, employees and agents with Anti-Corruption Laws and applicable Sanctions, and the Borrower, its subsidiaries and their respective officers, partners and employees and to the knowledge of the Borrower its directors and agents, are in compliance with Anti-Corruption Laws and applicable Sanctions in all material respects. None of (a) the Borrower, any subsidiary or to the knowledge of the Borrower or such subsidiary any of their respective directors, officers, partners, members or employees, or (b) to the knowledge of the Borrower, any agent of the Borrower or any subsidiary that will act in any capacity in connection with or benefit from the Bond Loan established hereby, is a Sanctioned Person. No advance from the Project Fund or use of Proceeds of the Bonds or other transaction contemplated by this Loan Agreement will violate Anti-Corruption Laws or applicable Sanctions.

(gg) Governmental Approvals. The Borrower has obtained, or will obtain and has maintained as currently in full force and effect, or will be in full force and effect, all consents, and permits, licenses, accreditations, certifications and other approvals (governmental or otherwise) that:

(i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the enforceability of and the performance by the Borrower of its obligations hereunder; and

(ii) are necessary for the acquisition, construction, financing and operation of the Project.

2.3. *Representations, Warranties and Covenants of the Purchaser.*

The Purchaser hereby represents, warrants and covenants as follows:

(a) The Purchaser is a state-chartered banking corporation duly organized and existing under and pursuant to the laws of the state of Iowa. The Purchaser has duly authorized the execution and delivery of this Loan Agreement.

(b) The Purchaser has complied with the provisions of the laws of the State which are prerequisite to the consummation of, and has all necessary power and authority to consummate, all transactions described in this Loan Agreement and all other agreements relating hereto.

2.4. *Additional Representations, Warranties and Undertakings of the Borrower and the General Partner.*

The Borrower and the General Partner, as applicable, make the following additional representations as the basis for their covenants and agreements herein:

(a) The execution and delivery of the Borrower Documents, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its formation and governance documents, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or

regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, the Borrower is not in breach, default or violation of any statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance under the Borrower Documents by the Borrower.

(b) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened in writing against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations, or the completion of the construction of the Project.

(c) Neither any information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of the Borrower Documents nor any of the foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Borrower shall have the right, without creating a Default hereunder, to contest the validity or amount of any lawful claims against the Borrower or the Property in good faith by timely and appropriate proceedings at its sole cost and expense, *provided that* (i) the Borrower shall give the Servicer, the Issuer and the Trustee written notice of its intention to contest such claims, (ii) the Borrower shall diligently prosecute such claims, (iii) the Borrower shall at all times effectively stay or prevent the imposition of any lien against the Property as a result of such lawful claims and the enforcement of such claim until resolution of the contest, or, to the extent any lien is imposed as a result of any such lawful claim, shall immediately bond off such lien, (iv) the Borrower's ability to pay and perform the Borrower's Obligations or the security for the Borrower's Obligations is not, in the reasonable discretion of the Servicer and the Issuer materially impaired during the period of contest, and (v) the Borrower shall establish reasonable reserves or obtain bonding for such liabilities being contested if the Servicer reasonably determines, after consulting with the Issuer, such reserves or bonding to be necessary. If clauses (i) through (v) are not satisfied, the Borrower shall promptly pay and discharge such claims, and the failure to so pay such claims shall constitute a Default under this Loan Agreement.

(e) The Borrower shall maintain such insurance as required by the Servicer and such other insurance with insurance companies on such of its properties, in such amounts and against such risks, as is customarily maintained by similar businesses operating in the same vicinity, and shall provide evidence of such insurance to the Trustee, the Issuer, and the Servicer as reasonably requested. Such insurance shall name the Issuer, the Servicer and the Trustee as additional insureds and as loss payees, as their interest may appear.

(f) The Borrower shall maintain in good standing its existence as a limited partnership under the laws of the State of Texas, and maintain in good standing its qualification to transact business in the State. The General Partner shall maintain in good standing its existence as a limited liability company under the laws of the State.

(g) The Project shall at all times after completion of construction operate and maintain 240 rental units and the Borrower shall not at any time convert any of the rental units in the Project into non-residential space.

(h) The Borrower shall not cause or permit the Property to be used to generate, manufacture, refine, transport, treat, store, handle, dispose, transfer, produce or process Hazardous Materials in violation of Governmental Requirements, except for amounts of substances which are customarily used in the construction or operation of a multifamily residential rental project, and then only in compliance with applicable Governmental Requirements; nor shall the Borrower cause or permit, as a result of any intentional or unintentional act or omission on the part of the Borrower or any tenant or occupant, a release of Hazardous Materials onto the Property or the Project or, in the case of the Borrower, onto any other property. The Borrower shall comply with and ensure compliance by all tenants and occupants with all applicable Governmental Requirements concerning Hazardous Materials, whenever and by whoever triggered, and shall obtain and comply with, and shall ensure that all tenants and subtenants obtain and comply with any and all approvals, registrations or permits required thereunder. The Borrower shall conduct all remedial, removal, and other actions necessary to clean up and remove all Hazardous Materials on, from or affecting the Land or the Project in accordance with, and as may be necessary to comply with all applicable Governmental Requirements.

(i) The Borrower shall comply with all restrictive covenants affecting the Land, the Property and the Project, including, without limitation, the Regulatory Agreement.

(j) The Borrower and the General Partner shall promptly notify the Trustee, the Issuer, and the Servicer in writing, with a full description, of all threatened (in writing) or pending litigation of which the Borrower or the General Partner receives written notice, and of all proceedings before any court or any Governmental Authority in which the Borrower or the General Partner is a party or of which the Borrower or the General Partner receives written notice, which if adversely determined, would materially adversely affect the conduct of the business of the Borrower or the General Partner, the condition (financial or otherwise) of the Borrower or in any manner materially adversely affecting the Property, including, but not limited to, tax deficiencies and any prospective Condemnation, change of zoning or other action affecting the Property or the Project. The Borrower shall provide prior written notice to the Servicer and the Issuer, prior to entering into a settlement in any litigation or proceedings involving (i) a recovery, or an uninsured payment, by the Borrower in excess of \$200,000, so long as (A) any payment under \$200,000 is not made from the revenues of the Project, and (B) all other payments in excess of \$200,000 are approved by the Servicer and the Issuer, such approval not to be unreasonably withheld, (ii) a change in the permitted use of the Property, (iii) the inclusion in gross income of interest on the Bonds, or (iv) the creation of a lien on the Property.

(k) The Borrower shall be solely responsible for, and shall promptly make all disclosures and file or cause to be filed by the Issuer all reports required by all applicable federal and state securities laws in connection with the Bonds, the Bond Loan and the Project, including, if applicable, SEC Rule 15c2-12 and any similar or successor rules hereinafter made applicable to the Bonds, and will provide the Trustee and the Issuer with all information necessary for the Trustee or the Issuer, as applicable, to make any such required disclosures or file such reports. The

Servicer shall be provided with a copy of each disclosure or report filed by the Borrower or the Issuer pursuant to the provisions of this paragraph (k).

(l) The Borrower shall keep and maintain the Property and each part thereof in good condition, working order and repair, ordinary wear and tear excepted, and make all necessary or appropriate repairs, replacements and renewals thereto so that each part thereof shall at all times be in good condition, fit and proper for the respective purposes for which it was originally intended, erected or installed and to ensure that the security for the Bonds and the Bond Loan shall not be impaired. The Borrower shall not use or occupy the Property or knowingly permit the same to be used or occupied in any manner which would cause structural injury to the Project or which would cause the value or the usefulness of the Property or any part thereof to diminish (ordinary wear and tear for its business excepted), or which would constitute a public or private nuisance or waste. Upon the written demand of the Servicer, the Borrower shall commence and proceed promptly and diligently to maintain and repair the Project in good condition, working order and repair and to correct any structural injuries or defects in the Project. In the event the Borrower fails to maintain and repair the Property or to correct structural injuries or defects in accordance with the terms of this subsection, the Servicer shall have the right to enter onto the Property, subject to the rights of tenants, in order to take any and all actions deemed necessary by the Servicer to so maintain and repair the Property, and all sums expended by the Servicer in connection therewith shall be payable by the Borrower with interest, on demand.

(m) The Borrower shall make such capital improvements as may be required to satisfy the Borrower's obligation to maintain the Property as set forth in Section 2.4(l) hereof.

(n) The Borrower shall not, without the prior written consent of the Servicer and the Issuer, create, assume or suffer to exist any other indebtedness or liability for the debts or obligations of any other Person except the Construction Loan and the Permanent Loan.

(o) The Borrower shall not enter into any agreement, contract or undertaking containing any provision which would be violated or breached by the performance by the Borrower of any obligations hereunder or under any other Document.

(p) The Borrower shall deliver to the Servicer, the Issuer and the Trustee, on demand by either or both, as applicable, any contracts, bills of sale, statements, receipted vouchers or agreements, under which the Borrower claims title to any materials, fixtures or articles incorporated in the Project or subject to the lien of this Loan Agreement or the Deed of Trust.

(q) *Intentionally omitted.*

(r) *Intentionally omitted.*

(s) The Borrower agrees to provide to the Issuer or the Trustee, as applicable, all information necessary to enable the Issuer or the Trustee, as applicable, to complete and file all forms and reports required by the laws of the State and the provisions of the Code in connection with the Project and the Bonds.

(t) At all times during the term of the Bond Loan, the Borrower shall comply, and take all necessary steps to ensure compliance, with all requirements of Section 42 of the Code

and all rules and regulations promulgated pursuant thereto by the Federal government or the applicable tax credit housing agency relating to the Section 42 low-income housing tax credits, including, but not limited to, all restrictive covenants and agreements with the applicable tax credit housing agency.

(u) At all times during the term of the Bond Loan, the Borrower and the General Partner warrant and represent that neither it nor any person or entity who holds any direct or indirect interest in the Borrower or the General Partner, the Project or the proceeds of the Bond Loan described herein, or is in any way affiliated with or will benefit from any of the above, (i) is described in, covered by, or specially designated pursuant to or affiliated with any person or entity described in, covered by, or specially designated pursuant to “Executive Order 13224 Blocking Terrorist Property and a Summary of the Terrorism Sanctions Regulations (Title 31, Part 595 of the U.S. Code of Federal Regulations), Terrorism List Governments Sanctions Regulations (Title 31, Part 596 of the U.S. Code of Federal Regulations), and Foreign Terrorist Organizations Sanctions Regulations (Title 31, Part 597 of U.S. Code of Federal Regulations)” (“**Executive Order 13224**”), or any other list or designation promulgated by the United States of America or any department or agency thereof of persons or entities transactions with which are blocked or prohibited by any statute, regulation or governmental order and (ii) is not, and shall not become a person or entity with whom any individual or entity is restricted from doing business with under the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56, as amended from time to time (the “**USA Patriot Act**”) or Executive Order 13224, and any regulations promulgated pursuant thereto.

(v) The Borrower shall pay all actual, out-of-pocket fees, costs and expenses required to be paid by the Borrower under the terms of this Loan Agreement.

(w) The Borrower shall notify the Trustee promptly in writing of the receipt of any prepayment of the Note, whether upon acceleration, by reason of application of insurance or condemnation proceeds, optional prepayment or otherwise. If such prepayment results in revisions to the Amortization Schedule, the Purchaser or Majority Owner, as applicable, shall provide the revised Amortization Schedule to the Trustee, the Issuer and the Borrower in accordance with Section 3.09 of the Indenture.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to the Borrower Documents or in connection with the transaction contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds.

2.5. Tax-Exempt Status of the Bonds.

Excluding any representations made therein by or on behalf of another party thereto, the Borrower hereby represents, warrants and agrees that the Tax Exemption Agreement executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which executed and delivered.

2.6. *Commencement and Completion.*

The Borrower shall, within sixty (60) days of the Closing Date, deliver to its general contractor for the Project (with a copy to the Purchaser) a “notice to proceed” with respect to the construction of the Project. Construction of the Project shall be completed no later than the Completion Date (as defined in the Continuing Covenants Agreement, or such earlier date as required to ensure compliance with Section 42 of the Code relating to the “in service” requirements for the Section 42 low-income housing tax credits relating to the Project. The Borrower shall cause the Project to be completed in a good and workmanlike manner substantially in accordance with the Plans and Specifications (with such changes as approved by the Purchaser) and in accordance with the Budget (with such changes as approved by the Purchaser) and applicable Governmental Requirements. The Plans and Specifications shall be construed in such a manner that any work, structures or parts thereof exhibited in the Plans and not mentioned in the Specifications, or vice versa, shall be completed the same as if they were exhibited in the Plans and mentioned in the Specifications. The Borrower shall install and pay for all work provided in the Plans and Specifications. The Borrower shall obtain at its expense all permits and licenses which may be required by any governmental agency, including municipal, county and state authorities. The Borrower further agrees that the Purchaser, the Issuer and their designated representatives may audit the books of account pertaining to the Project covered by this Loan Agreement.

2.7. *Notice of Determination of Taxability.*

Promptly after the Borrower first becomes aware of any investigation relating to the tax status of the Bonds, or a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Purchaser and the Trustee at the address of each party listed in Article I of the Indenture.

2.8. *Compliance with Texas Government Code.*

(a) Each of the Borrower and the Purchaser hereby verifies that it and its parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, do not boycott Israel and will not boycott Israel during the term of this Loan Agreement, and solely with respect to the Borrower, the Regulatory Agreement and the Tax Exemption Agreement (the Loan Agreement, Regulatory Agreement and Tax Exemption Agreement, as applicable, are hereinafter referred to as the “Representation Documents”), and such verification is hereby incorporated by reference into each of the Representation Documents, as applicable. The foregoing verification is made solely to comply with Section 2271.002, Texas Government Code, and to the extent such Section does not contravene applicable Federal law. As used in the foregoing verification, ‘boycott Israel’ 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 specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business purposes.

(b) Each of the Borrower and the Purchaser represents that neither it nor any of its parent company, wholly- or majority-owned subsidiaries, and other affiliates is a company identified on a list prepared and maintained by the Texas Comptroller of Public Accounts under

Section 2252.153 or Section 2270.0201, Texas Government Code, and posted on any of the following pages of such officer's internet website:

<https://comptroller.texas.gov/purchasing/docs/sudan-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/iran-list.pdf>,
<https://comptroller.texas.gov/purchasing/docs/fto-list.pdf>.

The foregoing representation is made solely to comply with Section 2252.152, Texas Government Code, and to the extent such Section does not contravene applicable Federal law and excludes the Borrower or the Purchaser and each of such entity's parent company, wholly- or majority-owned subsidiaries, and other affiliates, if any, that the United States government has affirmatively declared to be excluded from its federal sanctions regime relating to Sudan or Iran or any federal sanctions regime relating to a foreign terrorist organization.

(c) To the extent any of the Representation Documents constitutes a contract for goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 13, 87th Texas Legislature, Regular Session) as amended, each of the Borrower and the Purchaser hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any, do not boycott energy companies and, will not boycott energy companies during the term of such Representation Document, and such verification is hereby incorporated by reference into each of the Representation Documents, as applicable. The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "boycott energy companies" shall have the meaning assigned to the term "boycott energy company" in Section 809.001, Texas Government Code.

(d) To the extent any of the Representation Documents constitutes a contract for the purchase of goods or services for which a written verification is required under Section 2274.002, Texas Government Code (as added by Senate Bill 19, 87th Texas Legislature, Regular Session, "SB 19"), as amended, each of the Borrower and the Purchaser hereby verifies that it and its parent company, wholly- or majority- owned subsidiaries, and other affiliates, if any,

(i) do not have a practice, policy, guidance or directive that discriminates against a firearm entity or firearm trade association; and

(ii) will not discriminate during the term of the applicable Representation Document against a firearm entity or firearm trade association,

and such verification is hereby incorporated by reference into each of the Representation Documents, as applicable.

The foregoing verification is made solely to comply with Section 2274.002, Texas Government Code, as amended, to the extent Section 2274.002, Texas Government Code does not contravene applicable Texas or Federal law. As used in the foregoing verification, "discriminate against a firearm entity or firearm trade association" shall have the meaning assigned to such term in Section 2274.001(3), Texas Government Code (as added by SB 19).

(e) Each of the Borrower and the Purchaser understands the term “affiliate” as used in this Section 2.8 to mean an entity that controls, is controlled by, or is under common control with such entity and exists to make a profit.

ARTICLE III CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

3.1. *Agreement to Construct the Project.*

The Borrower agrees to make all contracts and do all things necessary for the construction of the Project. The Borrower further agrees that it will construct the Project with all reasonable dispatch and use its best efforts to cause construction of the Project to be completed by the Completion Date, or as soon thereafter as may be practicable, except due to delays caused by Force Majeure or with the written consent of the Servicer and Issuer; but if for any reason such construction is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.2 hereof to be paid by the Borrower.

3.2. *Agreement to Issue, Sell and Deliver the Bonds; Deposit of Bond Proceeds.*

In order to provide funds for the payment of the Qualified Project Costs, the Issuer, concurrently with the execution of this Loan Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof with the Trustee, which amounts shall be immediately deposited into the Project Fund.

3.3. *Disbursements from the Project Fund.*

In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Qualified Project Costs upon satisfaction of the requirements of the Indenture.

Disbursements from the Project Fund for the payment of Qualified Project Costs shall be made by the Trustee only to, or at the direction of, the Borrower, upon satisfaction of all of the following conditions:

(i) The receipt by the Trustee of a completed Requisition, in the form required by Section 5.02 of the Indenture, providing the amount of the disbursement request (a “Disbursement Amount”) and the expected date of disbursement (a “Disbursement Date”).

(ii) Promptly upon receipt of a completed and fully-executed Requisition, the Trustee will notify the Borrower if (A) the Disbursement Amount exceeds the available account balance of the Project Fund or (B) the Trustee has actual knowledge that an Event of Default has occurred and is continuing. If such an Event of Default has occurred and is continuing to the knowledge of the Trustee, the Trustee shall make no further disbursements from the Project Fund so long as such Event of Default continues to exist.

(iii) Upon satisfaction of the conditions set forth in clauses (i) and (ii) above, the Trustee shall be unconditionally and irrevocably obligated to disburse funds from the Project Fund in accordance with the Requisition.

The Borrower hereby acknowledges and agrees that it shall submit Requisitions to the Trustee no more frequently than once each calendar month and that it shall not request, and the Trustee shall not be required to make, any disbursement which is in excess of the amount of Eligible Investments then available to be withdrawn or liquidated at par and without penalty. Each such Requisition shall be consecutively numbered.

The Borrower shall not request disbursements from the Project Fund the aggregate amount of which exceeds the aggregate principal amount of the Bond Loan.

The Trustee may conclusively rely on the Borrower's Requisitions as to the eligibility of costs included in the Requisitions.

Any money in the Project Fund remaining after the Completion Date and payment, or provision for payment, in full of the Qualified Project Costs promptly shall be transferred into the Bond Fund for payment of principal and interest on the Bonds when due.

3.4. *Intentionally omitted.*

3.5. *Establishment of Completion Date.*

(a) The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Issuer and the Trustee by an executed Completion Certificate in the form attached hereto as Exhibit D. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee promptly following the completion of the Project.

(b) If, as of the Completion Date, at least ninety-five percent (95%) of the proceeds of the Bonds have not been used to pay Qualified Project Costs, any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Qualified Project Costs not then due and payable) remaining in the Project Fund shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds or (ii) for any other purpose; provided that, in each case, the Trustee is furnished with a Favorable Opinion of Bond Counsel (as defined in the Tax Exemption Agreement). Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture provided that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not cause interest on the Bonds to be included in gross income for federal income tax purposes.

3.6. *Borrower Required to Pay in Event Project Fund Insufficient.*

In the event the moneys in the Project Fund are not sufficient to pay the Project Costs in full, the Borrower agrees to complete the Project and to pay that portion of the Project Costs in excess of the moneys available therefor in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Project Costs will be sufficient to pay all of the Project Costs. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Project Costs pursuant to the provisions of this Section, the Borrower shall not be entitled to

any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under this Loan Agreement.

ARTICLE IV LOAN PROVISIONS

4.1. *Loan of Proceeds.*

The Issuer agrees, upon the terms and conditions contained in this Loan Agreement and the Indenture, to finance the Bond 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. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.3 hereof.

4.2. *Amounts Payable.*

(a) The Borrower hereby covenants and agrees to repay the Bond Loan on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal and interest on the Bonds from amounts in the Bond Fund shall be credited against the Borrower's obligation to pay principal and interest on the Bond Loan. The Borrower also covenants and agrees to pay any additional amounts that may be due (1) as a result of a Determination of Taxability or (2) in connection with any prepayment of the Bond Loan required to allow the Bonds to be redeemed such that the Outstanding principal amount thereof is equal to the Permanent Loan Amount in accordance with Section 4.2(d) hereof.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.2 are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Costs of Issuance Fund and the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.2, the item or installment 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, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

(c) *Intentionally omitted.*

(d) On or prior to the Conversion Date, the Borrower shall deliver, or shall cause to be delivered, to the Trustee, for deposit into the Bond Fund, moneys other than proceeds of the Bonds in an amount which is sufficient to pay the redemption price of the Bonds pursuant

to Section 3.02(b) of the Indenture. The Trustee shall apply such funds as set forth in Section 3.03 of the Indenture.

(e) After the Conversion Date, the Borrower shall pay to the Trustee, for deposit into the Bond Fund, on the Business Day immediately preceding each Bond Payment Date, an amount equal to the sum of (i) the interest due on the Bonds on such date, plus (ii) the principal due on the Bonds on such date, including the amount of mandatory redemption payments, if any, required pursuant to Section 3.03 of the Indenture (to the extent of money not already on deposit with the Trustee with respect to such mandatory redemption payments). Amounts so paid to the Trustee by the Borrower shall be in immediately available funds or shall be such that on the Bond Payment Date they are available funds. In the event that any required payment of principal or interest hereunder is not made within ten (10) days after the due date thereof, Borrower shall pay to Issuer a late payment charge equal to five percent (5.00%) of the amount of the overdue payment, in accordance with Section 2.7 of the Continuing Covenants Agreement.

(f) The Borrower understands that the interest rate applicable under the Note and with respect to the Bonds is based upon the assumption that interest on the Bonds is excludable from gross income for federal income tax purposes. In the event that a Determination of Taxability shall occur, then the interest rate on the Note and the Bonds, and on all obligations under this Loan Agreement shall, effective on the date of such Determination of Taxability, be increased to a rate equal to the Taxable Rate. The Borrower shall also indemnify, defend and hold the Owners, Issuer and Trustee (and each of their directors, members, officers and employees) harmless from any penalties, interest expense or other costs, including reasonable attorneys' fees (including all reasonably allocated time and charges of Owners', Issuer's and Trustee's "in-house" and "outside" counsel) and accountants' costs, resulting from any dispute with the Internal Revenue Service concerning the proper tax treatment of the Bonds and any interest payable to any Owner with respect to the Bonds. The obligations of the Borrower under this Section 4.2(f) shall survive termination of this Loan Agreement and the Note and repayment of the Bond Loan. If, following any increase in interest rates pursuant to this Section 4.2(f), a final determination is made, to the satisfaction of the Owners, that interest paid on the Bonds is excludable from the Owners' gross income under Section 103 of the Code and applicable state law, the Owners shall promptly refund to the Borrower any additional amounts paid by the Borrower pursuant to this Section 4.2(f).

4.3. *Intentionally omitted.*

4.4. *Fees and Expenses.*

On or prior to the Closing Date, the Borrower agrees to cause to be deposited the Costs of Issuance Deposit into the Costs of Issuance Fund as required under the Indenture, to pay, from moneys on deposit therein or in the Expense Fund or from other funds, the Issuer's Fees, the Trustee's Fees and the fee of the Rebate Analyst (including the reasonable fees and expenses of their respective counsel actually incurred) in connection with the issuance of the Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Expense Fund or the Costs of Issuance Fund in accordance with Section 4.06 or Section 4.08 of the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable. The Borrower

will also pay any reasonable expenses actually incurred in connection with any redemption of the Bonds. Additionally, and without limiting the foregoing, the Borrower agrees to pay to the Issuer, the Trustee or to any payee designated by the Issuer (whether such amounts are due on the Closing Date or not), all reasonable costs and expenses incurred by the Issuer for post-closing actions including but not limited to consents, review, and modifications, all reasonable costs and expenses incurred by the Trustee in its administration of the trusts created by the Indenture and in the performance of its duties under the Documents, and all reasonable third-party expenses incurred by the Trustee, the Servicer, or the Issuer in servicing the Bond Loan and the Bonds.

The obligations of the Borrower under this Section 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, including the Regulatory Agreement.

4.5. Obligations of the Borrower Unconditional.

The obligations of the Borrower to make the payments required under this Loan Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other Person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Loan Agreement, (ii) will perform and observe all of its other agreements contained in this Loan Agreement and (iii) will not terminate this Loan Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any 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 Loan Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

**ARTICLE V
SPECIAL COVENANTS**

5.1. *No Warranty of Condition or Suitability by Issuer.*

THE ISSUER MAKES NO WARRANTY, EITHER EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY AS TO THE PROJECT OR THE CONDITION THEREOF, OR THAT THE PROJECT WILL BE SUITABLE FOR THE PURPOSES OR NEEDS OF THE BORROWER. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY THAT THE BORROWER WILL HAVE QUIET AND PEACEFUL POSSESSION OF THE PROJECT. THE ISSUER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND SPECIFICALLY DISCLAIMS ANY WARRANTY WITH RESPECT TO THE MERCHANTABILITY, CONDITION OR WORKMANSHIP OF ANY PART OF THE PROJECT OR ITS SUITABILITY FOR THE BORROWER'S PURPOSES.

5.2. *Access to the Property.*

Subject to the rights of the tenants under the Leases, the Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Property and the construction thereof at all reasonable times with 48 hours' advance notice. The Borrower acknowledges that the Issuer shall monitor the construction of the Project. The Issuer, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times with 48 hours' advance written notice, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

5.3. *Alterations, Additions and Improvements.* Except for the construction of the Project substantially in accordance with the Plans and Specifications, and as may otherwise be provided in the Documents, the Borrower will not construct any additional improvements on the Land without the prior written consent of the Servicer and the Issuer, such consent not to be unreasonably withheld, and no portion of the Project or any other improvements or equipment now or hereafter covered by the lien and security interest of this Loan Agreement or the Security Instrument, shall be removed demolished or materially altered, without the prior written consent of the Servicer and the Issuer, such consent not to be unreasonably withheld.

Subject to the provisions of Article III with respect to the construction of the Project, the Borrower will complete and pay for, within a reasonable time, any structure or improvement permitted or required under this Loan Agreement, and will:

(a) Compliance With Restrictions. Construct, erect and complete any permitted improvements (including but not limited to the Project) on any part of the Land (i) in good and workmanlike manner and strictly in accordance with all applicable Governmental Requirements and in accordance with the orders, rules and regulations of the National Board of Fire Underwriters, or any other body hereafter constituted exercising similar functions, (ii) except as otherwise set forth in the Plans and Specifications, entirely on lots or parcels of Land, (iii) except

as otherwise set forth in the Plans and Specifications, so as not to encroach upon any easement or right of way or upon the land of others, (iv) except as otherwise set forth in the Plans and Specifications, wholly within the building restriction lines however established, and (v) so as not to violate use and other restrictions contained in prior conveyances, zoning ordinances or restrictions;

(b) Insurance. Furnish, in connection with any such work, general public liability insurance for the benefit of the Issuer, the Trustee and the Holders, as their interest may appear, in the limits required by the Servicer;

(c) Payment. Promptly pay for all such improvements; and

(d) Liens; Surety Bond. Discharge any and all encumbrances (other than the Permitted Encumbrances) filed against the Property (unless the Borrower in good faith contests any such liens by appropriate and diligent proceedings), and upon the request of the Servicer or the Issuer, deposit with the Trustee for the benefit of the Holders a one hundred percent (100%) surety bond, twenty-five percent (25%) letter of credit or other security satisfactory to the requesting party to assure the payment for and completion of any such changes, additions, alterations, substitutions, replacements, removals or improvements.

All such changes, additions, alterations, substitutions, replacements, removals and improvements shall become a part of the Project and subject to the lien and security interest of this Loan Agreement and the Deed of Trust.

5.4. *Further Assurances and Corrective Instruments.*

The Issuer and the 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 for carrying out the expressed intention of this Loan Agreement.

5.5. *Issuer and Borrower Representatives.*

Whenever under the provisions of this Loan Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by an authorized representative of the Issuer and for the Borrower by a Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture.

5.6. Financing Statements.

The Borrower shall, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture; provided, pursuant to the Indenture the Trustee shall file all necessary continuation statements with respect to any such original financing statements listing the Trustee as a secured party, of which a legible copy showing the date and place of filing is delivered to the Trustee. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith.

5.7. Insurance.

The Borrower shall obtain and keep in force such insurance coverage as may be required by the Servicer. All insurance policies and renewals thereof relating to the Project shall be in a form acceptable to the Issuer in its reasonable discretion and shall designate the Issuer and the Trustee as additional insureds for liability insurance. The Issuer shall be furnished with full copies of all policies within fifteen (15) calendar days of Borrower's receipt and shall have the right to receive duplicate copies of policies and renewals, and the Borrower shall promptly furnish the Issuer and the Purchaser with copies of all renewal notices and all receipts for paid premiums within thirty (30) calendar days of receipt thereof. The Borrower shall notify the Issuer at least thirty (30) days in advance of an endorsement or of any change in the terms of coverage adverse to the Issuer. In the event of loss, the Borrower shall give prompt notice to the insurance carrier and the Issuer.

With respect to any casualty insurance, it shall (i) be in an amount equal to the greater of the actual cash value of the replacement cost of the insurable, then existing improvements and equipment in the Project and (ii) be provided by an insurance company with a claims paying ability rating of not less than "A" by the A.M. Best.

5.8. Requisitions.

(a) At such time as the Borrower shall desire to obtain an advance from the Project Fund, the Borrower shall complete, execute and deliver to the Issuer a Requisition. Each Requisition shall be signed on behalf of the Borrower and shall be in the form set forth as *Exhibit B* to the Indenture.

(b) The amounts deposited into the Project Fund may be disbursed by the Trustee only in accordance with Section 3.3 hereof and Section 5.02 of the Indenture and with the Disbursing Agreement, including delivery of a written Requisition of the Borrower satisfying the requirements of this Section 5.8 and Section 5.02 of the Indenture.

5.9. Covenants Regarding Tax Credits.

The Borrower hereby agrees to comply with all of the following covenants and with the practices and procedures related to the monitoring of Tax Credits (each, a "**Tax Credit Covenant**"):

(a) To observe and perform all obligations imposed on the Borrower in connection with the federal low income housing tax credits awarded to the Project (the “Tax Credits”), including the obligation to have the Project “placed in service” (within the meaning given in Section 42 of the Code) in a timely manner; and to operate the residential units of the Project, and to use the Borrower’s best efforts to cause all appropriate parties to operate the same, in accordance with all requirements, statutes, and regulations governing the Tax Credits;

(b) To preserve, to the best of Borrower’s ability, at all times the award and availability of the Tax Credits;

(c) Not to release, forego, or materially alter, amend, or modify its rights to the Tax Credits without the Servicer’s prior written consent, which the Servicer may give or withhold in the Servicer’s reasonable discretion;

(d) Not to execute any residential lease of all or any portion of the Project that does not comply fully with all requirements, statutes, and regulations governing the Tax Credits, without the Servicer’s prior written consent, which the Servicer may give or withhold in the Servicer’s reasonable discretion;

(e) To cause to be kept all records, and cause to be made all elections and certifications, pertaining to the number and size of apartment units, occupancy thereof by tenants, income level of tenants, set-asides for low-income tenants, and any other matters now or hereafter required to qualify for and maintain the Tax Credits in connection with the low-income occupancy of the Project;

(f) To comply with the appropriate minimum low-income set-aside requirements under the Code or applicable federal regulations (the “**Federal Laws**”), all requirements of the allocating authority in respect of the Tax Credits (the “**Allocation Authority**”) and all applicable laws and regulations (the “**Local Laws**”) applicable to the creation, maintenance and continued availability of the Tax Credits;

(g) To certify compliance with the set-aside requirements and report the dollar amount of qualified basis and maximum applicable percentage, date of placement in service and any other information required for the Tax Credits at such time periods as required by Federal Laws, the Allocation Authority or Local Laws for such Tax Credits, as applicable;

(h) To set aside the appropriate number of units for households with incomes meeting the required standards of the median income of the jurisdiction in which the Project is located to qualify for the Tax Credits (as determined pursuant to Section 42 of the Code and/or Local Laws), adjusted for family size, and to operate and maintain all such units as “low-income units” qualifying for the Tax Credits under Section 42(i)(3) of the Code and/or Local Laws;

(i) To exercise good faith in all activities relating to the operation and maintenance of the Project in accordance with the requirement of Federal Laws and Local Laws;

(j) To deliver within ten (10) Business Days to the Issuer and the Servicer true and correct copies of all notices or other documents or communications received or given by the Borrower with regard to or relating in any way to the Borrower’s membership interests and/or the

Tax Credits that could have a material adverse impact on the Project. Promptly upon receipt thereof, the Borrower shall deliver to the Servicer a copy of (i) the fully-executed 42(m) letters for the Project; (ii) the basis audit (as required by Section 42 of the Code) for the Project (including a certificate of the Borrower's accountant and attorneys, if requested by them); (iii) the first annual income certification for all tenants of the Project showing that the tenants are qualified for purposes of the Borrower's obtaining Tax Credits, and (iv) the fully-completed Form 8609 (required by the Code) issued for the Project. The Borrower shall deliver within ten (10) Business Days to the Issuer and the Servicer such other certificates, income certificates, reports and information as they may request; and

(k) The Borrower understands and acknowledges that the Holders are purchasing the Bonds based, in part, upon the value of the Tax Credits, and the Tax Credits, directly or indirectly, constitute part of the Trustee's security on behalf of the Holders for the Bond obligations. The Borrower agrees to indemnify, defend and hold the Holders harmless for, from, and against any and all actions, suits, claims, demands, liabilities, losses, damages, obligations, and costs or expenses, including litigation costs and reasonable attorneys' fees, arising from or in any way connected with the Borrower's failure in a material manner to comply with one or more Tax Credit Covenants that results in the Borrower having to repurchase the Investor's limited membership interests in the Borrower or a reduction in the Investor's remaining Capital Contributions pursuant to the Organizational Documents, excepting, with respect to any Holder, those arising out of, or resulting, solely from such Holder's gross negligence or willful misconduct.

All of the proceeds of the Bonds shall be used in a manner that complies with the applicable sections of the Code.

5.10. *Intentionally omitted.*

5.11. *Borrower's Obligations Upon Redemption of Bonds.*

In connection with a redemption of the Bonds pursuant to Section 3.02 of the Indenture, for the purpose of paying the redemption price of the Bonds, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the redemption price of the Bonds, together with interest accrued to the date of redemption, exceeds the amount otherwise available to redeem the Bonds in full.

5.12. *Option to Terminate.*

The Borrower shall have the option to cancel or terminate this Loan Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee to meet all Loan Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed. Such option shall be exercised by the Borrower giving the Issuer and the Trustee 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 shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

ARTICLE VI
RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING;
INDEMNIFICATION

6.1. *Restriction on Transfer; Removal of General Partner.*

(a) Except for Permitted Transfers and Permitted Encumbrances and as otherwise set forth in this Section 6.1, in the event the Borrower intends to sell, lease (except to the tenants who will occupy units in the Project), sublease or otherwise materially encumber the whole of or any part of the Project or sell, assign or otherwise, except as otherwise provided herein, transfer any interest in the Borrower (a “**transfer**”), it shall (i) apply to the Issuer for consent to transfer, provided that consent of the Issuer shall not be unreasonably withheld with respect to any transfer which is subject to Issuer approval pursuant to this Section 6.1 and (ii) comply with the provisions of the Regulatory Agreement, including particularly Section 10 thereof, restricting any such transfer.

(b) In addition, in connection with a proposed transfer, the Borrower and any transferee shall comply with all applicable provisions of the laws and regulations of the State in effect at that time regarding notice to tenants, and tenants’ rights generally. The transferee shall expressly assume the Borrower’s duties and obligations under this Loan Agreement and any other Documents to which the Borrower is a party in writing simultaneously with any approved transfer as set forth in this Section 6.1. The Borrower shall make available to the Issuer copies of any documents reflecting an amendment to membership interests in the Borrower or other organizational documents relating to the sale or other transfer of membership interests of the Borrower.

(c) Except as otherwise provided for herein, Permitted Transfers and/or Permitted Encumbrances or with the prior written consent of the Issuer in its reasonable discretion, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project, and will not encumber, alienate, hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(d) Except as otherwise provided for herein, Permitted Transfers and/or Permitted Encumbrances, no interest in the Borrower and no ownership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise other than the transfer of the Equity Investor interests after the Equity Investor has paid all installments of the equity contribution required to be contributed under the Organizational Documents and such transfer shall be expressly permitted hereunder without the consent of the Issuer, except to the extent required under Section 10 of the Regulatory Agreement.

(e) Notwithstanding anything contained in the subsections above, each of the following transactions are hereby deemed to be expressly permitted hereunder:

(i) Issuance of membership interests in the Borrower equal to 99.98% of the profits, losses, credits, distributions and other interests in the Borrower to the Equity Investor;

(ii) After the Conversion Date, the transfer by the Equity Investor of its interest in the Borrower;

(iii) Prior to the Conversion Date, the transfer by the Equity Investor of its interest in the Borrower to an entity which is an Affiliate of the Equity Investor or which is controlled by the Equity Investor;

(iv) The pledge and encumbrance of the interests of the Equity Investor to or for the benefit of any financial institution which enables the Equity Investor to make its capital contributions to Borrower and any subsequent realization by any such Purchaser upon the interests of the Equity Investor in the Borrower;

(v) The removal of the General Partner by the Equity Investor pursuant to the terms of the Organizational Documents of the Borrower; provided that any replacement General Partner is subject to the approval of Purchaser, which approval shall not be unreasonably withheld, conditioned, or delayed;

(vi) A change in the beneficial ownership of the Equity Investor, so long as each such entity remains controlled by an Affiliate thereof; or

(vii) Any Permitted Transfer.

(f) The Borrower shall not, without the prior written consent of the Servicer and the Issuer, enter into any merger, consolidation, other business combination or dissolution or sell, lease, or otherwise dispose of any of the collateral or its other assets (except assets customarily consumed, leased, or customarily disposed of and replaced in the ordinary course of operating an apartment project).

(g) Notwithstanding anything herein to the contrary, no transfers shall be permitted except as otherwise expressly permitted pursuant to the terms of the Continuing Covenant Agreement.

(h) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(i) The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation, nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation.

(j) The General Partner shall be subject to removal by the Equity Investor or any successor in interest if:

(i) the General Partner has failed or refused to perform any of its obligations as set forth in this Loan Agreement or any of the Borrower Documents, which failure or refusal has a material adverse impact on the Project and the General Partner does not, within a period of thirty (30) calendar days following written notice of such failure or refusal, commence the performance of such obligation and cure within a reasonable time thereafter, the adverse effects of such failure or refusal; or

(ii) the General Partner has engaged or is engaging in an activity which has or may have an adverse impact on the Project or is intentionally injurious to the Project.

Written notice of this election to remove the General Partner (the “**Removal Notice**”) shall be served upon the General Partner either by certified or by registered mail, return receipt requested, or by personal delivery at the notice address as provided in this Loan Agreement. Such notice shall set forth the date upon which the removal is to become effective (which date shall be not less than fourteen (14) calendar days following the transmittal of such Removal Notice.) If the General Partner to be so removed objects to the determination that any of the circumstances described in subparagraphs (i) and (ii) have occurred, the General Partner shall notify the Issuer of its objection within seven (7) calendar days of its receipt of the Removal Notice, in which case such removal shall not become effective unless and until the preconditions therefor are confirmed by Arbitration, which shall be conducted as quickly as practicable. Any successor General Partner shall be selected and approved in accordance with this Loan Agreement and the Organizational Documents and approved by the Issuer in accordance with Section 10 of the Regulatory Agreement.

(k) This Loan Agreement may not be sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer in accordance with Section 10 of the Regulatory Agreement. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Regulatory Agreement. In the event of a conflict between the provisions of this Loan Agreement and the Regulatory Agreement, the provisions of the Regulatory Agreement shall control.

(m) 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 is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or 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 Purchaser, shall be made unless (a) the Purchaser 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, except the Borrower’s obligation to indemnify the Issuer and Trustee and reimburse the Issuer and the Trustee for the fees and expenses of the Issuer and Trustee, and (c) no Default as certified in writing to the Issuer and the Trustee by the Borrower shall have occurred

and be continuing under the Indenture or this Loan Agreement. Upon the assumption of the duties of the Borrower by an assignee 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 to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld.

(n) Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Loan Documents.

6.2. *Indemnification by Borrower and General Partner.*

(a) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER HEREBY COVENANTS AND AGREES AS FOLLOWS: TO PROTECT, INDEMNIFY AND SAVE THE ISSUER AND ITS GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES (EACH, A “GOVERNMENTAL INDEMNIFIED PARTY”) HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS’ FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM, BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING, WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS LOAN AGREEMENT OR (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS LOAN AGREEMENT, OR (III) THE PROJECT OR ANY PART THEREOF, OR (IV) ANY VIOLATION OF CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, OR (V) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM ANY GOVERNMENTAL INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE GOVERNMENTAL INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

IT IS THE INTENTION OF THE PARTIES HERETO THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE GOVERNMENTAL INDEMNIFIED PARTIES IN CONNECTION WITH THE ISSUANCE OF THE BONDS, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT, AND ALL OTHER

INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE GOVERNMENTAL INDEMNIFIED PARTIES BY THIS LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE GOVERNMENTAL INDEMNIFIED PARTY BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS LOAN AGREEMENT, THE TAX EXEMPTION AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; NEVERTHELESS, IF ANY GOVERNMENTAL INDEMNIFIED PARTY SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE GOVERNMENTAL INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM ANY GOVERNMENTAL INDEMNIFIED PARTY THE BORROWER SHALL DEFEND THE GOVERNMENTAL INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COMPETENT COUNSEL SATISFACTORY TO THE GOVERNMENTAL INDEMNIFIED PARTIES AND THE BORROWER SHALL PAY THE GOVERNMENTAL INDEMNIFIED PARTIES' EXPENSES INCLUDING PAYMENT OF THE COUNSEL USED BY THE GOVERNMENTAL INDEMNIFIED PARTIES; PROVIDED HOWEVER, THAT THE GOVERNMENTAL INDEMNIFIED PARTIES SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER.

NOTWITHSTANDING ANY PROVISION OF THIS LOAN AGREEMENT TO THE CONTRARY, EACH GOVERNMENTAL INDEMNIFIED PARTY SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM SUCH PARTY'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM SUCH PARTY'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

Notwithstanding anything else in this Agreement to the contrary, the Borrower shall be responsible for the fees, costs and expenses of counsel to the Issuer at all times; provided that the Issuer maintains control of the selection of its counsel at all times.

This indemnification covenant shall survive repayment of the Loan and the Bonds.

(b) Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement and the Regulatory Agreement, the Borrower shall remain obligated to indemnify each Governmental Indemnified Party pursuant to this Article VII for Government Indemnity Liabilities with respect to any claims based on actions or events occurring prior to the date of such transfer, but only if the Bondholder Representative, the Issuer and the Trustee have consented to such transfer. In that event, such subsequent owner shall indemnify any

Governmental Indemnified Party hereunder following such transfer under all of the terms and conditions applicable to Borrower. The Borrower and the General Partner (the “**Indemnitors**”) hereby agree to indemnify and save harmless the Trustee from and against all liabilities, obligations, suits, actions, claims, judgments, demands, damages, penalties, fines, assessments, losses, expenses, fees (including all fees of attorneys, auditors, and consultants), taxes (including rebate to the United States) but exclusive of income taxes on fees earned by the Trustee, contributions, and costs of every kind and nature (including litigation and court costs, amounts paid in settlement by or with the approval of the Borrower and amounts paid to discharge judgments) (collectively, “**Claims**”) incurred by, asserted or imposed against an Indemnified Party (hereinafter defined), the Indemnitors or any other Person directly or indirectly resulting from or arising out of or relating to (but excluding such Claims to the extent liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from the gross negligence or willful misconduct of the Trustee):

(i) the issuance, offering, sale or delivery of the Bonds; provided, however, that the Borrower shall not be responsible for any act or inaction of the Placement Agent that is subject to the Placement Agent’s indemnification obligations, if any, under the Bond Purchase Agreement;

(ii) the design, construction, installation, operation, use, occupancy, maintenance, repair, management or ownership of the Project;

(iii) the enforcement of (a) the provisions of this Loan Agreement, the other Borrower Documents and any other document executed by the Borrower in connection with issuance of the Bonds and the making of the Bond Loan and (b) the obligations of the Borrower imposed hereby or thereby;

(iv) any untruthful, misleading or inaccurate information supplied by the Borrower relating to the Project, the Borrower, the Project manager or to the terms of financing relating to the Project, including, but not limited to, any breach of any representation or warranty of the Borrower set forth in the Borrower Documents or any certificate delivered pursuant thereto, and any representation, or warranty of the Borrower, or any information provided by the Borrower that contains or contained any untrue or misleading statement of fact or omits or omitted to state any material fact necessary to make the statements made therein not misleading in light of the circumstances under which they were made;

(v) any breach or alleged breach (except in the case of a breach alleged by the Trustee and such alleged breach is not found by a court of competent jurisdiction) by the Borrower of the covenants contained herein;

(vi) 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 repair, management, ownership, operation, use, non-use, maintenance, construction, design, installation, rehabilitation, condition or occupancy of the Project or any part thereof, including any and all acts or operations relating to any construction, rehabilitation, operation, use, non-use, design,

management, ownership, condition, occupancy, maintenance, installation or repair performed by the Borrower in connection with the Project;

(vii) violation or breach of any agreement, covenant, representation, warranty or condition of this Loan Agreement (except in the case of a breach alleged by the Trustee and such alleged breach is not found by a court of competent jurisdiction) or the Note, except by the Trustee;

(viii) any Determination of Taxability with respect to the Bonds, including, but not limited to, the fees and expenses of the Trustee and their counsel with respect to such Determination of Taxability in responding to any inquiry or audit by the Internal Revenue Service;

(ix) the deposit, storage, disposal, burial, dumping, injecting, spilling, leaking, or other placement or release in, on or from the Project of Hazardous Materials in violation of any Hazardous Materials Law or official interpretation thereof in connection with the Project or the Land;

(x) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever related to the Project or the Bonds, commenced or threatened in writing against the Project or an Indemnified Party;

(xi) any action, suit, claim, demand or proceeding contesting or affecting title to the Project;

(xii) any suit, action, administrative proceeding, enforcement action, or governmental or private action of any kind whatsoever commenced against the Project or an Indemnified Party that might adversely affect the validity or enforceability of the Bonds, the Borrower Documents, or the performance by the Borrower or by any Indemnified Party of their respective obligations under the Borrower Documents, the Indenture or any other document executed in connection therewith by the Borrower or any Indemnified Party;

(xiii) failure of the Borrower to pay the Issuer's Fees, the Trustee's Fees or the fees of the Rebate Analyst, or other amounts that the Borrower is obligated to pay pursuant to the reimbursement rights granted to such parties under this Loan Agreement or any of the other Documents;

(xiv) information provided by the Borrower or required and failed to be furnished by the Borrower relating to the Borrower or the Project, including, without limitation, any information furnished by the Borrower for, and included in, or used as a basis for preparation of, any certifications, information statements or reports furnished by the Issuer, any other information or certification obtained from the Borrower to assure the exclusion of the interest on the Bonds from gross income of the Holders thereof for federal income tax purposes, and the transactions contemplated by the Indenture, the Bonds, and the Borrower Documents and the carrying out by the Borrower of any of the transactions contemplated by the Bonds, the Indenture and the Borrower Documents.

All references to the Trustee in this Section shall be deemed to include all of its respective past, present, and future officers, directors, members, employees, commissioners, and agents and their permitted successors and assigns (also referred to herein as “**Indemnified Parties**”).

The Indemnitors shall indemnify and save each Indemnified Party harmless from any such Claims (but excluding such Claims to the extent liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from the willful misconduct of the Issuer or the gross negligence or willful misconduct of the Trustee) and upon notice from such Indemnified Party, the Indemnitors shall defend them or either of them in any such action or proceeding as provided below.

Any Indemnified Party, after receipt of notice of the existence of a Claim in respect of which indemnity hereunder may be sought or of the commencement of any action against an Indemnified Party in respect of which indemnity hereunder may be sought, shall notify the Indemnitors in writing of the existence of such Claim or commencement of such action. The Indemnitors shall undertake promptly to defend, at their sole cost and expense, any and all Claims against an Indemnified Party in connection with any of the matters indemnified against in this Section. In the event that any action or proceeding is brought against any Indemnified Party with respect to which indemnity may be sought under this Loan Agreement, the Indemnitors, upon receipt by either of written notice from the Indemnified Party, shall assume the investigation and defense of the Claims, including the employment of counsel selected by the Indemnitors, subject to the approval of the Indemnified Party in such party’s sole discretion. The Indemnitors shall pay all expenses related to the action or proceeding, with full power to litigate, compromise or settle the same, provided that the Trustee shall have the right to review and approve or disapprove any such compromise or settlement. If (i) an Indemnified Party determines that a potential conflict of interest exists or may arise as a result of any of the Indemnitors assuming the investigation and defense of any claims, (ii) an Indemnified Party shall have been advised by counsel that there may be legal defenses available to it which are different from or additional to those available to the Indemnitors, or that a conflict exists that could affect the zealous defense of such Claims by the Indemnitors, (iii) the Indemnitors shall not have assigned the defense of such action and employed counsel therefor satisfactory to the Indemnified Party within a reasonable time after notice of commencement of such action, such Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and participate in the investigation and defense of the action or proceeding, and the Indemnitors shall pay the fees and expenses of such separate counsel.

(c) Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors’ indemnification obligations in this Section.

(d) Notwithstanding anything to the contrary contained herein, neither the Borrower, the General Partner nor their respective partners, shareholders, members, directors, officers, employees and/or agents shall have any liability to indemnify (A) the Trustee or any Trustee Indemnified Party against Claims to the extent liability is finally adjudicated by a court of competent jurisdiction to have directly resulted from such Trustee’s or Trustee Indemnified Party’s

gross negligence or willful misconduct. The obligations of the Borrower and the General Partner under this Section 6.2 are joint and several, and are in addition to and shall not be limited by any other provisions of this Loan Agreement hereof and shall survive the termination of this Loan Agreement.

This indemnification shall extend to and include, without limitation, all reasonable costs, counsel fees, expenses or liabilities incurred in connection with any such claim, or proceeding brought with respect to such claim, except that in the case of the foregoing indemnification of the Trustee or any Trustee Indemnified Party, to the extent such damages are caused by the gross negligence or willful misconduct of such Person. The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 9.3 hereof and shall survive the termination of this Loan Agreement.

6.3. *Issuer to Grant Security Interest to Trustee.*

The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Loan Agreement and the Note, except for Reserved Rights of the Issuer.

ARTICLE VII DEFAULTS AND REMEDIES

7.1. *Defaults Defined.*

The following shall be "Defaults" under this Loan Agreement and the term "Default" shall mean, whenever it is used in this Loan Agreement, the occurrence of any one or more of the following events and continuation thereof beyond all applicable grace or cure periods:

(a) Failure by the Borrower to pay any amount required to be paid under Section 4.2 hereof when the same are due and payable.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) of this Section or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Tax Exemption Agreement, for a period of 60 days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower by the Issuer or the Trustee; provided, with respect to any such failure covered by this subsection (b), no Default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60 day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for sixty (60) days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors,

or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

- (d) The occurrence of a Default under the Indenture or any Loan Document.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of Force Majeure it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Borrower shall not be deemed in Default during the continuance of such inability. Such Force Majeure event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

7.2. Remedies on Default.

Whenever any Default referred to in Section 7.1 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, as the assignee of the Issuer's rights hereunder, in its sole discretion may take (but only with the approval of the Servicer and after Notice to the Issuer), and upon written direction of the Servicer and Notice to the Issuer shall take, or the Issuer (in the event the Trustee fails to act) may take, one or any combination of the following remedial steps:

- (a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

- (b) *Reserved.*

- (c) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Loan Agreement, the Note, the Regulatory Agreement or any other Document in the event of default thereunder (including without limitation foreclosure of the Deed of Trust).

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

7.3. No Remedy Exclusive.

Subject to Section 9.01 of the Indenture, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy

given under this Loan Agreement 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 any such right or power nor shall it be construed to be a waiver thereof, but any such right or 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, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements herein contained.

7.4. *Agreement to Pay Attorneys' Fees and Expenses.*

In the event the Borrower should default under any of the provisions of this Loan Agreement or under the Note and the Issuer and/or Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Note, the Borrower agrees that it will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Trustee. This Section 7.4 will continue in full force and effect notwithstanding the full payment of the obligations under this Loan Agreement or the termination of this Loan Agreement for any reason.

7.5. *No Additional Waiver Implied by One Waiver.*

In the event any agreement contained in this 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.

7.6. *Right to Cure.*

Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a default or event of default occurs or may occur, the General Partner and the Equity Investor shall have the right, but not the obligation, to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such default or event of default, provided such default or event of default is cured within any applicable cure period or grace period provided herein to the Borrower.

**ARTICLE VIII
DAMAGE TO THE PROPERTY; APPLICATION OF INSURANCE PROCEEDS**

8.1. *Damage to the Property.* If at any time prior to the Termination Date, the Project or any part thereof is damaged, either temporarily or permanently, the Borrower shall be obligated

to continue to pay the amounts specified herein and in the Note, and any insurance proceeds resulting from any damage will be applied as set forth in the Deed of Trust.

ARTICLE IX MISCELLANEOUS

9.1. *Term of Agreement.*

This Loan Agreement shall remain in full force and effect from the date hereof until such time as all of the Bonds and all amounts payable hereunder and under the Indenture shall have been fully paid or provision made for such payments, whichever is later, provided, that all representations and certificates of the Borrower and the General Partner as to matters affecting the tax-exempt status of the Bonds, and the provisions of Sections 4.2(f), 4.4, 6.2, and 7.4 hereof shall survive termination of this Loan Agreement.

9.2. *Notices.*

All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed to each party's Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower, the Equity Investor and the Trustee may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

9.3. *Nonrecourse Liability of Borrower.*

(a) General Rule. After the Conversion Date (as defined in the Continuing Covenants Agreement), the liability of all principal and interest due under the Note shall be only against the Project, and the rents, issues and profits thereof, and any other security for the Borrower's Obligations, and not against the Borrower, any direct or indirect member, partner, officer or director of the Borrower or the General Partner, or any successor or assign of the Borrower, any direct or indirect member, shareholder, manager, officer or director of the Borrower or the General Partner. The Issuer and the Trustee shall look respectively thereto or to such other security as may from time to time be given or have been given for payment of the Bonds, and any judgment rendered against the Borrower or the General Partner under this Loan Agreement shall be limited as described above and any other security including the Guaranty so given for satisfaction thereof; and (ii) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the General Partner or their respective successors, transferees or assigns, in any action or proceeding arising out of this Loan Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; provided, however, that nothing herein shall limit the Issuer's or the Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any Trustee under this Loan Agreement, or both, or to exercise any right against the Borrower or the General Partner, on account of any claim for fraud and deceit. Notwithstanding anything herein to the contrary, nothing in this Section shall limit the rights of indemnification against the Borrower and the General Partner pursuant to Section 6.2 hereof. Furthermore, notwithstanding anything to the contrary, the Borrower and the General

Partner shall be fully liable for: (1) amounts payable to the Issuer constituting Reserved Rights of the Issuer, (2) any amount due and owing as a result of any calculation or determination which may be required in connection with the Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (3) the indemnification and the payment obligations to the Issuer under Sections 6.2 and 7.4 hereof.

(b) No Application to Indemnification Obligations. Nothing in this Section 9.3 shall be deemed to limit in any way whatsoever any obligation of the Borrower or the General Partner to indemnify the Issuer, the Holders, the Servicer, any Indemnified Party (as defined herein) or the Trustee under the terms of this Loan Agreement or any of the other Documents, including indemnification for environmental liability, each of which shall be recourse obligations of the Borrower and the General Partner.

The limit on the Borrower's and the General Partner's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to constitute a release, in whole or in part, of the indebtedness evidenced by this Loan Agreement or a release, in whole or in part, or an impairment of the security interest, or in case of any Default or enforcing any other right of the Issuer under this Loan Agreement 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 Loan Agreement.

Notwithstanding the foregoing, the provisions of this Section shall be null and void and have no force and effect to the extent of any loss suffered by the Issuer, the Trustee, any Owner or any beneficiary of or the trustee under the Deed of Trust as a result of the Borrower's: (a) committing any act of fraud; (b) misapplication of any condemnation award or casualty insurance proceeds; (c) failure to apply the revenues of the Project in the manner and for the purposes provided in the Issuer Documents, whether before or after a Default; or (d) violation of any environmental laws. Nothing herein shall be deemed to prohibit the naming of the Borrower in an action to realize upon the remedies provided herein either at law or in equity, subject to the foregoing limitation against a personal money judgment or deficiency decree against the Borrower, the General Partner or their heirs, personal representatives, successors and assigns, or to prohibit the naming of any person in any action to realize upon the remedies provided in the Organizational Documents or any other guaranty given in favor of the Issuer, the Trustee or the Servicer.

The provisions of this Section shall survive the termination of this Loan Agreement.

9.4. *No Pecuniary Liability of Issuer.*

No agreements or provisions contained in this Loan Agreement or any agreement, covenant or undertaking by the Issuer contained in any document executed by the Issuer in connection with the Project or any property of the Borrower financed, directly or indirectly, out of proceeds of the Bonds or the issuance, sale and delivery of the Bonds will give rise to any pecuniary liability of the Issuer (including tax and rebate liability) or its past, present or future officers, directors, employees, commissioners, agents or members of its governing body and their successors and assigns or constitute a charge against the Issuer's general credit, or obligate the Issuer financially in any way, except with respect to the Trust Estate. No failure of the Issuer to comply with any terms, covenants or agreements in this Loan Agreement or in any document executed by the Issuer

in connection with the Bonds will subject the Issuer or its past, present or future officers, directors, employees, commissioners, agents and members of its governing body and their successors and assigns to any pecuniary charge or liability except to the extent that the same can be paid or recovered from the Trust Estate. Without limiting the requirement to perform its duties or exercise its rights and powers under this Loan Agreement upon receipt of appropriate indemnity or payment, none of the provisions of this Loan Agreement or the Indenture will 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 under this Loan Agreement. Nothing in this Loan Agreement will 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 in this Loan Agreement or in the Indenture; provided that no costs, expenses or other monetary relief will be recoverable from the Issuer except as may be payable from the funds available under this Loan Agreement or made available under the Indenture by the Borrower and pledged to the payment of the Bonds.

No covenant, agreement or obligation contained herein or in any other financing instrument executed in connection with the Project or the making of the Loan shall be deemed to be a covenant, agreement or obligation of any past, present or future director, officer, employee, commissioner, or agent of the Issuer in his or her individual capacity so long as he or she does not act in bad faith, and no such director, officer, employee, commissioner or agent of the Issuer in his or her individual capacity shall be subject to any liability under any agreement to which the Issuer is a party or with respect to any other action taken by him or her so long as he or she does not act in bad faith.

9.5. *Binding Effect.*

This Loan Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders of Bonds and their respective successors and assigns.

9.6. *Severability.*

In the event any provision of this 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.

9.7. *Amounts Remaining in Funds.*

Subject to the provisions of the Indenture, it is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund, the Project Fund or any other fund (other than the Rebate Fund) created under the Indenture upon expiration or earlier termination of this Loan Agreement, as provided in this Loan Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of the Trustee and the Issuer in accordance with the Indenture, shall belong to and be promptly paid to the Borrower by the Trustee so long as those remaining amounts do not constitute Bond Proceeds.

9.8. *Amendments, Changes and Modifications.*

Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, in accordance with the provisions of the Indenture.

9.9. Execution in Counterparts.

This 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.

9.10. Applicable Law.

This Loan Agreement shall be governed by and construed in accordance with the laws of the State.

9.11. Captions

The captions and headings in this Loan Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Loan Agreement.

9.12. Use of Proceeds of the Bonds

Notwithstanding anything contained in any of the documents executed in connection with the issuance of the Bonds to the contrary, all of the proceeds of the Bonds shall, for federal income tax purposes, be (i) allocated on a pro rata basis to each building in the Project and the land on which such building is located and (ii) used exclusively to pay costs of the acquisition or construction of the Project which are includible 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. No proceeds of the Bonds will be deemed or considered to have been used to fund any reserve accounts other than a Project Fund to be used to pay Eligible Costs.

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IN WITNESS WHEREOF, the Issuer, the Borrower and the Purchaser have caused this Loan Agreement to be executed in their respective official names all as of the date first above written.

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

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership

By: Palladium East Berry GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Thomas E. Huth, Manager

**CEDAR RAPIDS BANK AND TRUST
COMPANY,**
an Iowa state-chartered banking corporation,
as Purchaser

By: _____
Name: Sam Kramer
Title Vice President

Purchaser Signature Page to Loan Agreement

TDHCA (Palladium East Berry Street)

EXHIBIT A

PROPERTY DESCRIPTION

Lot 1, Block A, PALLADIUM EAST BERRY ADDITION, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the map or plat thereof recorded under Clerk's File No. _____, Plat Records, Tarrant County, Texas.

EXHIBIT B

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

\$26,092,000

July [], 2022

FOR VALUE RECEIVED, PALLADIUM EAST BERRY, LTD., a Texas limited partnership (the “Borrower”), promises to pay to the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the “Issuer”), or its order, the principal sum of TWENTY-SIX MILLION NINETY-TWO THOUSAND DOLLARS (\$26,092,000) (the “Bond Loan”) or so much of that sum as may be advanced by the Issuer under the Loan Agreement dated as of July 1, 2022 (the “Loan Agreement”), among the Borrower, Cedar Rapids Bank and Trust Company and the Issuer with interest payable as set forth below. Capitalized, undefined terms used herein shall have the same meanings as used in the Loan Agreement or in the Indenture (as defined herein).

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

(a) The Borrower shall pay to the Issuer interest on the outstanding principal balance of the Bond Loan at the Index Interest Rate. The Borrower shall make or cause to be made interest payments at least one (1) Business Day preceding each Interest Payment Date on the Bonds, which Interest Payment Date shall be the twentieth (20th) day of each calendar month, commencing on August 20, 2022.

(b) The entire principal balance of this Note, plus any accrued but unpaid interest to and including July 20, 2040 (the “Maturity Date”), shall be due and payable one (1) Business Day preceding the Maturity Date.

(c) Payments made by Wilmington Trust, National Association (the “Trustee”), as trustee for the Issuer’s Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “Bonds”) to the holders of the Bonds, from funds available under the Trust Indenture for the Bonds dated as of July 1, 2022 (the “Indenture”), will be credited against the Borrower’s obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(d) In the event that any required payment of principal or interest under this Note is not made within ten (10) days after the due date thereof, Borrower shall pay to Issuer a late payment charge equal to five percent (5.00%) of the amount of the overdue payment, in accordance with Section 2.7 of the Continuing Covenant Agreement.

(e) This Note is secured by (i) the proceeds of the Bonds deposited in the Project Fund created pursuant to Section 4.01 of the Indenture; and (ii) the Deed of Trust (as defined in the Loan Agreement).

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

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

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

(i) The Borrower represents and warrants that it is a limited partnership within the meaning set forth in Chapter 101, Texas Business Organizations Code, as amended (the “State Code”) and further represents and warrants that the Bond Loan evidenced by this Note was made and transacted solely for the purpose of carrying on or acquiring a business or commercial enterprise within the meaning of the State Code.

(j) Neither the Borrower nor any direct or indirect partner, member, shareholder, officer, director, employee, agent or any of their respective Affiliates of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note, except as provided in Section 9.3 of the Loan Agreement.

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

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

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

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership

By: Palladium East Berry GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Thomas E. Huth, Manager

ENDORSEMENT

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

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

Dated: _____, 20__

EXHIBIT C
AMORTIZATION SCHEDULE

[TO COME]

EXHIBIT D

\$26,092,000

Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Palladium East Berry Street)
Series 2022

COMPLETION CERTIFICATE

Pursuant to Section 3.5(a) of the Loan Agreement (the “**Loan Agreement**”) among the Texas Department of Housing and Community Affairs (the “**Issuer**”) and Palladium East Berry, Ltd., a Texas limited partnership (the “**Borrower**”) and Cedar Rapids Bank and Trust Company, dated as of July 1, 2022, relating to the captioned Bonds, the undersigned Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings assigned or referenced in the Loan Agreement or the Tax Exemption Agreement):

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

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

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

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

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

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

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

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

Authorized Borrower Representative

By: _____

REGULATORY AND LAND USE RESTRICTION AGREEMENT

Among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer,

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

and

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership,
as Borrower

Dated as of June 1, 2022

Relating to

\$26,092,000
Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Palladium East Berry Street)
Series 2022

TABLE OF CONTENTS

	Page
Section 1.	Definitions and Interpretation 1
Section 1A.	Acquisition, Construction and Equipping of the Development 5
Section 2.	Tax-Exempt Status of the Bonds 6
Section 3.	Modification of Tax and Other Restrictive Covenants 9
Section 4.	Housing Development During the State Restrictive Period..... 9
Section 4.A.	Repairs and Maintenance Required by State Law 11
Section 4.B.	Development Amenities 11
Section 5.	Maximum Allowable Gross Rents..... 11
Section 6.	Persons With Special Needs 12
Section 7.	Consideration 12
Section 8.	Reliance 12
Section 9.	Development in Tarrant County 12
Section 10.	Sale or Transfer of the Development or Change in General Partner 12
Section 11.	Term..... 14
Section 12.	Covenants To Run With the Land 14
Section 13.	Burden and Benefit 15
Section 14.	Uniformity; Common Plan 15
Section 15.	Default; Enforcement by the Trustee and Issuer..... 15
Section 16.	Enforcement of Certain Provisions by Tenants and other Private Parties 16
Section 17.	The Trustee 16
Section 18.	Recording and Filing 17
Section 19.	Reimbursement of Expenses 17
Section 20.	Governing Law 17
Section 21.	Amendments 17
Section 22.	Notices 17
Section 23.	Severability 17
Section 24.	Multiple Counterparts 18
Section 25.	Authorization to Act for Issuer 18
EXHIBIT A	Property Description..... A-1
EXHIBIT B-1	Development Description B-1
EXHIBIT B-2	Development Amenities B-2
EXHIBIT C	Tenant Supportive Services C-1
EXHIBIT D	Initial Maximum Rents D-1
EXHIBIT E	Form of Multi Family Mortgage Revenue Bond Qualified Project Period Certificate ... E-1

REGULATORY AND LAND USE RESTRICTION AGREEMENT

THIS REGULATORY AND LAND USE RESTRICTION AGREEMENT (as amended, modified or supplemented from time to time, this “Agreement” or this “Regulatory Agreement”) dated as of June 1, 2022, is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State of Texas (the “State”), **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as trustee under the hereinafter defined Indenture (together with any successor trustee under the Indenture described below and their respective successors and assigns, the “Trustee”) and **PALLADIUM EAST BERRY, LTD.**, a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”).

RECITALS

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

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

WHEREAS, the Issuer has determined to provide funds in connection with the financing of the Development by issuing its Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “Bonds”) in the aggregate principal amount of \$26,092,000, and loaning the proceeds of such Bonds to the Borrower, upon the terms and conditions set forth in the Loan Agreement (as hereinafter defined); and

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

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

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

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

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

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

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

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

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

“Bond Purchaser” means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation, and its successors and assigns.

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

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

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

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

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

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

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

“Eligible Tenants” means (a) individuals and families of low, very low and extremely low income, (b) families of moderate income (in each case in the foregoing clauses (a) and (b) as such terms are defined by the Issuer under the Act), and (c) Persons with Special Needs, in each case, with an Annual Income not in excess of 140% of the area median income; provided that all Low-Income Tenants are Eligible Tenants.

“Equity Investor” means PNC Bank, National Association, a national banking association, and its permitted successors and assigns in its capacity as the investor limited partner of the Borrower.

“Favorable Opinion of Bond Counsel” means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that, under existing law, such action or omission does not adversely affect the Federal Tax Status of the Bonds (subject to the inclusion of any customary exceptions acceptable to the recipient(s) thereof).

“Federal Tax Status” means, as to the Bonds, the status under existing law of the interest on the Bonds as excludable from gross income for federal income tax purposes (subject to any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Bonds).

“Housing Act” means the United States Housing Act of 1937, as amended, or a successor thereto.

“HUD” means the United States Department of Housing and Urban Development or its successors.

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

“Loan” means the loan of the proceeds of the Bonds made by the Issuer to the Borrower pursuant to the Loan Agreement, and as evidenced by the Note.

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

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

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

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

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

“Multifamily Tax Subsidy Program Imputed Income Limitation” means the income limitation which would apply to individuals occupying the Unit if the number of individuals occupying the Unit were

as follows: (i) in the case of a Unit which does not have a separate bedroom, 1 individual; or (ii) in the case of a Unit which has 1 or more separate bedrooms, 1.5 individuals for each separate bedroom.

“**Note**” has the meaning set forth in the Indenture.

“**Organizational Documents**” means the Amended and Restated Agreement of Limited Partnership of the Borrower dated as of the Closing Date, as the foregoing may be amended, modified, supplemented or restated from time to time.

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

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

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

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

“**Replacement Reserve**” means the account required to be established by the Replacement Reserve Agreement.

“**Replacement Reserve Agreement**” means the Replacement Reserve and Security Agreement to be dated as of the Closing Date, by and between the Borrower and Bond Purchaser, as lender.

“**Security Instrument**” means the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing from the Borrower, as the grantor, in favor of Issuer, as the beneficiary, and assigned to the Trustee, as the same may be supplemented, amended or modified.

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

“**State Conversion Date**” means the date of the first amortization payment on the note relating to the Loan.

“**State Reserve Period**” means, with respect to the Development, the period beginning on the State Conversion Date and ending on the earliest of the following dates: (a) the date of any involuntary change

in ownership of the Development; (b) the date on which the Borrower suffers a total casualty loss with respect to the Development or the date on which the Development becomes functionally obsolete, if the Development cannot be or is not restored; (c) the date on which the Development is demolished; (d) the date on which the Development ceases to be used as multifamily rental property; or (e) the end of the State Restrictive Period.

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

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

“Tenant Income Certification” means a certification form available on the Issuer’s website at the time of submission used to certify income and other matters executed by the household members of each Unit in the Development.

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

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

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

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

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

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

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

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

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

(e) The Borrower will not seek an exemption from ad valorem taxation for the Development without prior written notice to the Issuer.

Section 2. Tax-Exempt Status of the Bonds. The Borrower will not take any action or omit to take any action which, if taken or omitted, respectively, would adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes (subject to the inclusion of any exceptions contained in the opinion delivered upon the original issuance of the Bonds). With the intent not to limit the generality of the foregoing, the Borrower covenants and agrees:

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

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

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

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

(iv) that at no time will any of the Units be utilized (A) on a transient basis by being leased or rented for a period of less than six months (unless the Unit serves as a single room occupancy unit or transitional housing for the homeless (as described in section 42(i)(3)(B) of the Code), in which case such lease may be on a month-to-month basis) or (B) as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, hospital, sanitarium, nursing home, rest home, or trailer park or court used on a transient basis;

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

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

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

(viii) that each Unit will be rented or available for rental on a continuous basis to Eligible Tenants (subject to the limitations and exceptions contained in this Regulatory Agreement, the Tax Exemption Agreement and the Loan Agreement) at all times during the longer of (A) the remaining term of the Bonds or (B) the Qualified Project Period, that the Borrower will not give preference in renting Units to any particular class or group of persons, other than Persons with Special Needs, Low-Income Tenants and other Eligible Tenants as provided herein, and that at no time will any portion of the Development be exclusively reserved for use by a limited number of nonexempt persons in their trades or businesses;

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

(x) that the Borrower will obtain, complete and maintain on file Tenant Income Certifications and supporting documentation from each Low-Income Tenant, including (A) a Tenant Income Certification dated immediately prior to the initial occupancy of such Low-Income Tenant in the Development and (B) thereafter, annual Tenant Income Certifications obtained on or before the anniversary of such Low-Income Tenant's occupancy of the Unit, and in no event less than once in every 12-month period following each Low-Income Tenant's occupancy of a Unit; provided that the requirement for annual recertification will not apply for any year in which no Unit in the Development is occupied by a new resident whose income exceeds the applicable income limit. The Borrower will obtain such additional information as may be required in the future by section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations that are tax-exempt private activity bonds described in section 142(d) of the Code. The Borrower will make a diligent and good-faith effort to determine that the income information provided by an applicant in a Tenant Income Certification is accurate by taking steps required under section 142(d) of the Code pursuant to provisions of the Housing Act. As part of the verification, the Borrower will document income and assets in accordance with HUD Handbook 4350.3 and the Issuer's Compliance Monitoring Rules;

(xi) that, on or before each March 31, the Borrower will submit to the Secretary of the Treasury, with a copy provided to the Issuer, the completed Internal Revenue Service Form 8703 or such other annual certification required by the Code to be submitted to the Secretary of the Treasury as to whether the Development continues to meet the requirements of section 142(d) of the Code; and

(xii) that the Borrower will prepare and submit the Unit Status Report in the form available on the Issuer's website at the time of such submission to the Issuer (via the electronic filing system available on the Issuer's website in accordance with Section 4(e) hereof).

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

(c) That the Borrower will provide to the Trustee and the Issuer a certificate in the form attached hereto as Exhibit E certifying (i) within 90 days thereof, the date on which 10% of the Units are occupied; and (ii) within 90 days thereof, the date on which 50% of the Units are occupied.

(d) That the Borrower will prepare and submit to the Issuer and the Trustee, within 60 days prior to the last day of the Qualified Project Period, a certificate setting forth the date on

which the Qualified Project Period will end, which certificate must be in recordable form; however, failure to deliver such certificate shall not extend the Qualified Project Period.

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

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

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

(b) During the Qualified Project Period and the State Restrictive Period, to the extent that the Act, the Code, or any amendments thereto, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Development less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Issuer, the Trustee and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

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

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

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

(a) except for Units occupied or reserved for a resident manager, security personnel and maintenance personnel that are reasonably required for the Development, to assure that 100% of the Units are reserved for Eligible Tenants and in accordance with the Borrower's election under Section 1372.0321 of the Texas Government Code, 80% of the Units are reserved for tenants

whose combined Annual Income is not more than 60% of the Multifamily Tax Subsidy Program Income Limit;

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

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

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

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

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

(g) that the Borrower is qualified to be a "housing sponsor" as defined in the Act and will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Issuer's website) the Annual Owner's Compliance Report to the Issuer in the form available on the Issuer's website at the time of submission by April 30 of each year, commencing April 30, 2024;

(h) to provide social services which must meet the minimum point requirement and be chosen from the list of Tenant Supportive Services attached hereto as Exhibit C in the manner provided in such Exhibit, or from any additional supportive services added to the Issuer's rules at any future date that are of similar value to the service it is intending to replace as agreed to in writing by the Issuer. The Borrower must maintain documentation satisfactory to the Issuer of

social services provided and such documentation will be reviewed during onsite visits beginning with the second onsite review and must be submitted to the Issuer upon request. The Borrower must provide the social services throughout the State Restrictive Period;

(i) to comply with Title 10, Part 1, Chapter 10, Subchapter F of the Texas Administrative Code and other Issuer rules regarding affirmative marketing and written policies and procedures, as such requirements may be amended from time to time;

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

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

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

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

(n) to ensure that Units intended to satisfy the Set Aside under Section 2(a)(ix) hereof and the reservation of Units under Section 4(a) hereof will be distributed evenly throughout the Development and will include a reasonably proportionate amount of each type of Unit available in the Development;

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

(p) to pay to the Issuer the Issuer Compliance Fee (as defined in the Indenture).

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

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

Section 5. Maximum Allowable Gross Rents. During the State Restrictive Period, the Owner 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, the maximum monthly rent charged by the Owner for 80% of the Units shall not exceed 30% of the 60% applicable Multifamily Tax Subsidy Program Imputed Income Limitation applicable to such Unit. For purposes of the preceding sentence, the

amount of the income limitation for any period shall not be less than such limitation applicable, taking into consideration the gross rent floor provided in accordance with Revenue Procedure 94-57. Such initial maximum allowable gross rents are set forth in Exhibit D attached hereto and will be annually redetermined by the Issuer and published on its website. The Owner agrees to comply with the Issuer's Compliance Monitoring Rules regarding utility allowances.

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

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

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

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

Section 10. Sale or Transfer of the Development or Change in General Partner.

(a) The Borrower covenants and agrees not to sell, transfer or otherwise dispose of the Development (other than pursuant to the lease of Units to Eligible Tenants), without (i) providing 30 days prior written notice to the Issuer, (ii) complying with any applicable provisions of this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and other Loan Documents and (iii) obtaining the prior written consent of the Issuer. Such consent of the Issuer will not be unreasonably withheld and will be given if the following conditions to the sale or other disposition are met or waived in writing by the Issuer: (A) there is delivered to the Trustee and the Issuer a written opinion of independent legal counsel reasonably satisfactory to the Trustee and the Issuer, addressed to the Trustee and the Issuer, concluding that the transferee has duly assumed all of the rights and obligations of the Borrower under this Regulatory Agreement, the

Loan Agreement, the Tax Exemption Agreement and the other Loan Documents and that each of the documents executed by the transferee in connection therewith has been duly authorized, executed and delivered by the transferee and is a valid and enforceable obligation of the transferee, subject to customary qualifications, (B) the Issuer receives a Favorable Opinion of Bond Counsel, with a copy to the Trustee and the Borrower, which opinion will be furnished at the expense of the Borrower or the transferee, (C) the Issuer receives a transfer fee equal to \$1,000, (D) the proposed purchaser or assignee executes any document requested by the Issuer with respect to assuming the obligations of the Borrower under this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement and the other Loan Documents, (E) the Issuer has performed a previous participation review on the proposed purchaser or assignee or any affiliated party, the results of which are satisfactory to the Issuer in accordance with Title 10, Part 1, Chapter 1, Subchapter C, Section 1.301, Texas Administrative Code, and the Issuer does not further have any reason to believe the proposed purchaser or assignee is incapable, financially or otherwise, of complying with, or may be unwilling to comply with, the terms of all agreements and instruments binding on such proposed purchaser or assignee relating to the Development, including but not limited to this Regulatory Agreement, the Loan Agreement, the Tax Exemption Agreement, the Security Instrument and other Loan Documents, (F) the transferee has met the requirements in Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code, and (G) the Borrower or transferee have paid any and all fees or expenses of Bond Counsel incurred in association with its review and drafting of documents relating to the transfer. The foregoing provisions do not apply to transfer by foreclosure or deed in lieu of foreclosure or other similar involuntary transfers, but such provisions apply to any transfer subsequent to such involuntary transfers. Notwithstanding anything to the contrary contained herein, the following shall be permitted and shall not require the prior written approval of Issuer or Trustee, provided that written notice thereof has been provided to the Issuer: (a) the transfer by Equity Investor of its non-controlling interest in Borrower in accordance with the terms of Borrower's Organizational Documents, (b) the removal of the general partner of Borrower in accordance with the Organizational Documents and the temporary replacement thereof with Equity Investor or any of its affiliates, (c) the transfer of ownership interests in Equity Investor, (d) upon the expiration of the tax credit compliance period, the transfer of the interests of Equity Investor in Borrower to Borrower's general partner or any of its affiliates, and (e) any amendment to the Organizational Documents to memorialize the transfers or removal described above. For the purposes of the preceding sentence, "Control" or "Controlling" has the meaning given to such term in Title 10, Part 1, Subchapter A, Section 11.1, Texas Administrative Code. The Borrower hereby expressly stipulates and agrees that any sale, transfer or other disposition of the Development in violation of this subsection will be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Upon any sale, transfer or other disposition of the Development in compliance with this Regulatory Agreement, the Borrower so selling, transferring or otherwise disposing of the Development will have no further liability for obligations under the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Loan Document arising after the date of such disposition. The foregoing notwithstanding, the duties of the Borrower as set forth in the Loan Agreement, this Regulatory Agreement, the Tax Exemption Agreement or any other Loan Document with respect to matters arising prior to the date of such sale, transfer or other disposition will not terminate upon the sale, transfer or other disposition of the Development.

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

(c) The Borrower will not change its general partner by transfer, sale or otherwise without the prior written consent of the Issuer, in accordance with Title 10, Part 1, Chapter 10, Subchapter E, Section 10.406, Texas Administrative Code. A change in the Borrower's general partner includes any transfer of any controlling ownership interest in the general partner other than by death or incapacity.

Section 11. Term. This Regulatory Agreement and all and each of the provisions hereof will become effective upon its execution and delivery, will remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section, will terminate in its entirety at the end of the State Restrictive Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Bonds, discharge of the Loan, termination of the Loan Agreement and defeasance or termination of the Indenture; provided, however, that the provisions related to the Qualified Project Period that are not incorporated into the State Restrictive Period will terminate in their entirety at the end of the Qualified Project Period.

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

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

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

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

delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

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

Section 13. Burden and Benefit. The Issuer, the Trustee and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern the land in that the Borrower's legal interest in the Development is rendered less valuable thereby. The Issuer, the Trustee and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Development by Low-Income Tenants and Eligible Tenants and by furthering the public purposes for which the Bonds were issued.

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

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

During the existence of an Event of Default hereunder, the Trustee or the Issuer, each subject to being indemnified as provided in the Indenture and the Loan Agreement with respect to the costs and expenses of any proceeding, may, at its option, take any one or more of the following steps:

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

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

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section, promptly upon determining that a violation of this Regulatory Agreement has occurred, the Issuer will to the extent that it has actual knowledge thereof, by notice in writing, use its best efforts to inform the Trustee and the Borrower (provided that the failure to notify will not adversely affect the Issuer's or the Trustee's rights under this Regulatory Agreement) that a violation of this Regulatory Agreement has occurred.

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

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

(a) During the existence of an Event of Default hereunder with respect to Sections 4(i), 4(j) and 5 hereof only, a tenant of the Development or any private party may, at its option by mandamus or other suit, including injunctive relief, require the Borrower to perform its obligations and covenants under Sections 4(i), 4(j) and 5 hereof.

(b) If the Issuer, a tenant of the Development, or any private party brings an action to enforce the obligations and covenants of the Borrower under Sections 4(i), 4(j) and 5 hereof, such party has the right to recover attorney's fees directly from the Borrower, without recourse to the Development, if such party is successful in an action seeking enforcement of the obligations and covenants of the Borrower hereunder. This is the only monetary relief a tenant of the Development or other private parties may receive under this Regulatory Agreement and any such recovery is subject to the provisions set forth in Section 15 above.

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

Subject to the Trustee's rights under the Indenture, the Trustee will, at the direction of the Issuer, take reasonable actions to enforce compliance by the Borrower with the terms of this Regulatory Agreement. The Trustee may conclusively rely on certificates, reports or other information delivered to

the Trustee, in accordance with this Regulatory Agreement, without independent investigation and the Trustee's responsibility to review and monitor compliance hereunder will not extend beyond the Trustee's receipt of the certificates, reports, and other documents required to be submitted to the Trustee pursuant to this Regulatory Agreement.

The Trustee may resign or be removed only as provided in Sections 10.12 or 10.13, respectively, of the Indenture. Such resignation or removal will not be effective until a successor Trustee satisfying the requirements of the Indenture is appointed and has accepted its appointment. The Trustee's right to indemnification provided in the Loan Agreement will survive the resignation or removal of the Trustee and the termination of this Regulatory Agreement.

Upon discharge of the Indenture, the Borrower will pay to the Trustee a fee, in an amount mutually agreed upon by the Borrower and the Trustee at the time of such discharge, for the performance of the Trustee's duties under this Regulatory Agreement through the date upon which the Bonds are to be paid in full. After the date upon which the Bonds have been paid in full, the Trustee shall no longer have any duties or responsibilities under this Regulatory Agreement and all references to the Trustee in this Regulatory Agreement shall be deemed references to the Issuer.

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

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

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

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

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

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

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

Section 25. Authorization to Act for Issuer. To the extent allowed by law, the Issuer hereby authorizes the Borrower to take on behalf of the Issuer all actions required or permitted to be taken by it hereunder, or under the Indenture, the Loan Agreement and the Tax Exemption Agreement and to make on behalf of the Issuer all elections and determinations required or permitted to be made by the Issuer hereunder or under the Indenture, the Loan Agreement and the Tax Exemption Agreement. In addition, the Issuer hereby authorizes the Borrower to exercise, on behalf of the Issuer, any election with respect to the Bonds pursuant to the Code or the Regulations, and the Issuer agrees to cooperate with the Borrower and execute any form of statement required by the Code or the Regulations to perfect any such election.

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

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

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

This instrument was acknowledged before me on _____, 2022 by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

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

By: _____
Name: Kushina White
Title: Vice President

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF _____ §

On this the _____ day of _____, 2022 personally appeared Kushina White, a Vice President of Wilmington Trust, National Association, a national banking association, who acknowledged that she executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

Notary Public Signature

My Commission expires: _____

(Personalized Seal)

EXHIBIT A

PROPERTY DESCRIPTION

Lot 1, Block A, PALLADIUM EAST BERRY ADDITION, an Addition to the City of Fort Worth, Tarrant County, Texas, according to the map or plat thereof recorded under Clerk's File No. _____, Plat Records, Tarrant County, Texas.

EXHIBIT B-1

DESCRIPTION OF DEVELOPMENT

Borrower: Palladium East Berry, Ltd., a Texas limited partnership

Development: The Development is a 240-unit affordable, multifamily housing development known as Palladium East Berry Street, located at 2350 East Berry Street, Fort Worth, Tarrant County, Texas 76105. It consists of eight (8) residential apartment buildings with approximately 234,357 net rentable square feet. The unit mix will consist of:

57	one-bedroom/one-bath units
117	two-bedroom/two-bath units
66	three-bedroom/two-bath units
<hr/>	
240	Total Units

Unit sizes will range from approximately 751 square feet to approximately 1,165 square feet.

EXHIBIT B-2

DEVELOPMENT AMENITIES

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

Development Common Amenities must include at least twenty-two (22) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of amenities from each section. The Borrower may change, from time to time, the amenities offered; however, the overall points must remain the same. The tenant must be provided written notice of the elections made by the Borrower.

(i) Community Space for Resident Supportive Services includes:

(I) Except in Applications where more than 10% of the units in the proposed Development are Supportive Housing SRO Units, an Application may qualify to receive half of the points required under §11.101(b)(5)(A)(i)-(vi) by electing to provide a High Quality Pre-Kindergarten (HQ Pre-K) program and associated educational space at the Development Site. To receive the points the Applicant must commit to all of items (-a-) - (-c-) of this subclause.

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

(-b-) Educational Provider. The Applicant must enter into an agreement, addressing all items as described in subitems (-1-) - (-5-) below, and provide evidence of such agreement to the Department on or before submission of the Cost Certification.

(-1-) The agreement must be between the Borrower and any one of the following: a school district; open- enrollment charter school; or Education Service Center. Private schools and private childcare providers, whether nonprofit or for profit, are not eligible parties, unless the private school or private childcare provider has entered into a partnership with a school district or open-enrollment charter school to provide a HQ Pre-K program in accordance with Texas Education Code Chapter 29, Subchapter E-1.

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

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

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

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

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

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

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

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

(ii) Safety amenities include:

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

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

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

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

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

(iii) Health/ Fitness / Play amenities include:

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

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

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

(IV) One Children's Playscape Equipped for five to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, and provide shade and ultraviolet protection. This item can only be selected if clause (V) of this subparagraph is not selected.

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

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

(VII) Swimming pool (3 points).

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

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

(iv) Design / Landscaping amenities include:

(I) Full perimeter fencing that contains the parking areas and all amenities (excludes guest or general public parking areas) (2 points).

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

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

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

(V) Porte-cochere (1 point).

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

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

(v) Community Resources include:

(I) Gazebo, covered pavilion, or pergola with sitting area (seating must be provided) (1 point).

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

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

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

(V) Furnished Community room (2 points).

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

- (VII) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points).
- (VIII) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points).
- (IX) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to residents; and seating (3 points).
- (X) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 with coverage throughout the clubhouse or community building (1 point).
- (XI) High-speed Wi-Fi with advanced telecommunications capacity as determined under 47 U.S.C. 1302 with coverage throughout the Development (2 points).
- (XII) Bicycle parking that allows for, at a minimum, one bicycle for every five Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point).
- (XIII) Package Lockers or secure package room. Automated Package Lockers or secure package room provided at a location within the complex that can be accessed by residents 24/7 and at no charge to the resident. To qualify, there would need to be at least one locker for every eight residential units (2 points).
- (XIV) Recycling Service (includes providing a storage location and service for pick-up) (1 point).
- (XV) Community car vacuum station (1 point).

Unit, Development Construction and Energy and Water Efficiency Features. The Development must include at least nine (9) points selected from the following list. Rehabilitation Developments will start with a base score of five (5) points. At least two (2) points must be selected from clause (iii) Energy and Water Efficiency Features. The development must maintain the points associated with those amenities by maintaining the amenity selected or providing substitute amenities with equal or higher point values.

(i) Unit Features include:

- (I) Covered entries (0.5 point);
- (II) Nine foot ceilings in living room and all Bedrooms (at minimum) (1 point);
- (III) Microwave ovens (0.5 point);
- (IV) Self-cleaning or continuous cleaning ovens (0.5 point);
- (V) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to Bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the Property site (0.5 point);
- (VI) Covered patios or covered balconies (0.5 point);

(VII) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);

(VIII) Built-in (recessed into the wall) shelving unit (0.5 point);

(IX) Breakfast Bar (a space, generally between the kitchen and dining area, that includes an area for seating although actual seating such as bar stools does not have to be provided) (0.5 point);

(X) Walk-in closet in at least one Bedroom (0.5 point);

(XI) 48-inch upper kitchen cabinets (1 point);

(XII) Kitchen island (0.5 points);

(XIII) Kitchen pantry with shelving (may include the washer/dryer unit for Rehabilitation Developments only) (0.5 point).

(XIV) Natural stone or quartz countertops in kitchen and bath (1 point);

(XV) Double vanity in at least one bathroom (0.5 point); and

(XVI) Hard floor surfaces in over 50% of unit NRA (0.5 point).

(ii) Development Construction Features include:

(I) Covered parking (may be garages or carports, attached or freestanding) and include at least one covered space per Unit (1.5 points);

(II) Thirty year roof (0.5 point);

(III) Greater than 30% stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);

(IV) Electric Vehicle Charging Station (0.5 points);

(V) An Impact Isolation Class (IIC) rating of at least 55 and a Sound Transmission Class (STC) rating of 60 or higher in all Units, as certified by the architect or engineer of record (3 points); and

(VI) Green Building Features. Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Four (4) points may be selected from only one of the categories described in items (-a-) - (-d-) of this subclause. If the Development involves scattered sites, there must be green building features incorporated into each site in order to qualify for these points.

(-a-) Enterprise Green Communities. The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the

Enterprise Green Communities Criteria found at
<http://www.greencommunitiesonline.org>.

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

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

(-d-) 2018 International Green Construction Code.

(iii) Energy and Water Efficiency Features include:

(I) Energy-Star or equivalently rated refrigerator with icemaker (0.5 point);

(II) Energy-Star or equivalently rated laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);

(III) Recessed LED lighting or LED lighting fixtures in kitchen and living areas (1 point);

(IV) Energy-Star or equivalently rated ceiling fans in all Bedrooms (0.5 point);

(V) EPA WaterSense or equivalent qualified toilets in all bathrooms (0.5 point);

(VI) EPA WaterSense or equivalent qualified showerheads and faucets in all bathrooms (0.5 point);

(VII) 15 SEER HVAC, or in Region 13, an efficient evaporative cooling system. For Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided (1 point);

(VIII) 16 SEER HVAC, for New Construction or Rehabilitation (1.5 points); and

(IX) A rainwater harvesting/collection system or locally approved greywater collection system (0.5 points).

EXHIBIT C

TENANT SUPPORTIVE SERVICES

The tenant supportive services to be provided must include at least eight (8) points selected from the following list which are grouped primarily for organizational purposes. The Borrower is not required to select a specific number of services from each section. The Borrower may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. Should the Department's rules in subsequent years provide different services than those listed below, the Borrower may be allowed to select services listed therein upon written consent from the Issuer, and any services selected must be of similar value to the service the Borrower is intending to replace. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Borrower.

(A) Transportation Supportive Services include:

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

(B) Children Supportive Services include:

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

(C) Adult Supportive Services include:

- (i) Four hours of weekly, organized, on-site classes provided to an adult audience by persons skilled or trained in the subject matter being presented, such as English as a second language classes, computer training, financial literacy courses, health education courses, certification courses, GED preparation classes, resume and interview preparatory classes, general presentations about community services and resources, and any other course, class, or presentation that may equip residents with new skills that they may wish to develop (3.5 points);
- (ii) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) that also emphasizes how to claim the Earned Income Tax Credit (1 point);
- (iii) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; may include resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points); and

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

(D) Health Supportive Services include:

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

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

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

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

(E) Community Supportive Services include:

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

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

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

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

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

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

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

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

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

EXHIBIT D

INITIAL MAXIMUM RENTS

The maximum monthly rent charged by the Borrower for 80% of the Units will not exceed 30% of the 60% applicable Multifamily Tax Subsidy Program Imputed Income Limitation applicable to such Unit. For purposes of the preceding sentence, the amount of the income limitation for any period shall not be less than such limitation applicable, taking into consideration the gross rent floor provided in accordance with Revenue Procedure 94-57.

The following rents, including utilities allowances, are based on the 2021 Multifamily Tax Subsidy Program Income Limits that were issued April, 2021, and are adjusted annually. A utility allowance must be deducted from these rents to determine maximum allowable rents.

A. 60% rent limits:

<u>Bedroom Size</u>	<u>Rent Limit</u>
1-Bedroom	\$909
2-Bedroom	\$1,092
3-Bedroom	\$1,260

EXHIBIT E



TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

www.tdhca.state.tx.us

Greg Abbott
GOVERNOR

BOARD MEMBERS
Leo Vasquez, *Chair*
Paul A. Braden, *Vice Chair*
Brandon Batch, *Member*
Kenny Marchant, *Member*
Ajay Thomas, *Member*
Sharon Thomason, *Member*

**Multi Family Mortgage Revenue Bond
Qualified Project Period**

The Texas Department of Housing and Community Affairs require the information in Sections A and B below to compute the Qualified Project Period for Mortgage Revenue Bond properties. Please complete the form as the appropriate dates are identified. Upload this form in TDHCA's Compliance Monitoring Tracking System (CMTS) to the attention of Sussette Kenney immediately after the property reaches the 50% Occupancy Date.

Section A

Property Name	
Address	
Contact Name	
Contact Phone #	

Section B

Initial Bond Closing Date	
Date First Unit Occupied	
10% Occupancy Date	
50% Occupancy Date	
50% Occupancy Date + 15 years	

Signature _____ Date _____

Printed Name _____ Title _____



PROMISSORY NOTE

\$26,092,000

July [], 2022

FOR VALUE RECEIVED, PALLADIUM EAST BERRY, LTD., a Texas limited partnership (the “Borrower”), promises to pay to the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS (the “Issuer”), or its order, the principal sum of TWENTY-SIX MILLION NINETY-TWO THOUSAND DOLLARS (\$26,092,000) (the “Bond Loan”) or so much of that sum as may be advanced by the Issuer under the Loan Agreement dated as of July 1, 2022 (the “Loan Agreement”), among the Borrower, Cedar Rapids Bank and Trust Company and the Issuer with interest payable as set forth below. Capitalized, undefined terms used herein shall have the same meanings as used in the Loan Agreement or in the Indenture (as defined herein).

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

(a) The Borrower shall pay to the Issuer interest on the outstanding principal balance of the Bond Loan at the Index Interest Rate. The Borrower shall make or cause to be made interest payments at least one (1) Business Day preceding each Interest Payment Date on the Bonds, which Interest Payment Date shall be the twentieth (20th) day of each calendar month, commencing on August 20, 2022.

(b) The entire principal balance of this Note, plus any accrued but unpaid interest to and including July 20, 2040 (the “Maturity Date”), shall be due and payable one (1) Business Day preceding the Maturity Date.

(c) Payments made by Wilmington Trust, National Association (the “Trustee”), as trustee for the Issuer’s Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “Bonds”) to the holders of the Bonds, from funds available under the Trust Indenture for the Bonds dated as of July 1, 2022 (the “Indenture”), will be credited against the Borrower’s obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(d) In the event that any required payment of principal or interest under this Note is not made within ten (10) days after the due date thereof, Borrower shall pay to Issuer a late payment charge equal to five percent (5.00%) of the amount of the overdue payment, in accordance with Section 2.7 of the Continuing Covenant Agreement.

(e) This Note is secured by (i) the proceeds of the Bonds deposited in the Project Fund created pursuant to Section 4.01 of the Indenture; and (ii) the Deed of Trust (as defined in the Loan Agreement).

(f) Upon a Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the

holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent Default.

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

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

(i) The Borrower represents and warrants that it is a limited partnership within the meaning set forth in Chapter 101, Texas Business Organizations Code, as amended (the “State Code”) and further represents and warrants that the Bond Loan evidenced by this Note was made and transacted solely for the purpose of carrying on or acquiring a business or commercial enterprise within the meaning of the State Code.

(j) Neither the Borrower nor any direct or indirect partner, member, shareholder, officer, director, employee, agent or any of their respective Affiliates of the Borrower shall have any personal liability for principal or interest payments or any other payments due under this Note, except as provided in Section 9.3 of the Loan Agreement.

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

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

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

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership

By: Palladium East Berry GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Thomas E. Huth, Manager

ENDORSEMENT

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

**TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS**

By: _____
Name: James B. "Beau" Eccles
Title: Secretary to Board

Dated: _____, 2022

RECORDING REQUESTED BY:
WHEN RECORDED MAIL TO:

Holly A. Stocker, Esq.
Winthrop and Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402

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

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

Amount Secured: \$[_____]
Property Address: [_____]

THIS DEED OF TRUST, SECURITY AGREEMENT, ASSIGNMENT OF LEASES AND RENTS AND FIXTURE FILING ("Deed of Trust"), is made as of _____, 2022, by PALLADIUM EAST BERRY, LTD., a Texas limited partnership whose address is 13455 Noel Road, Suite 400, Dallas, Texas 75240, ("Trustor") to Kushina White, an individual, as Trustee, whose address for purposes of this instrument is 15950 North Dallas Parkway, Suite 550, Dallas, Texas 75248 (the "Trustee"), for the benefit of WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association (the "Bond Trustee"), whose address is 15950 North Dallas Parkway, Suite 550, Dallas, Texas 75248 and the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the "Issuer") who address is [_____] (together with Trustee, the "Beneficiary").

RECITALS

WHEREAS, the Issuer issued its Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 dated as of [____], 2022, in the original principal amount of \$[_____] (the "Bonds"), pursuant to that certain Trust Indenture dated as of [____] 1, 2022 (the "Indenture"), between Issuer and Bond Trustee; and

WHEREAS, pursuant to that certain Loan Agreement dated as of [____] 1, 2022 (the "Loan Agreement"), by and among Issuer, Trustor and Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation ("Lender"), Issuer has agreed to make a loan to

Borrower from the proceeds of the sale of the Bonds in the original principal amount of \$[] (the "Loan"); and

WHEREAS, Trustor's obligation to repay the Loan is evidenced by that certain Promissory Note dated as of even date herewith (the "Note"), executed by Trustor, payable to Issuer and endorsed to Trustee, in the original principal amount of \$[].

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by Trustor, Trustor hereby agrees as follows:

ARTICLE 1

GRANTING CLAUSE

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

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

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

become a portion of that real property and shall be covered by and subject to the lien of this Deed of Trust, together with all contracts, agreements, permits, plans, specifications, drawings, surveys, engineering reports and other work products relating to the construction of the existing or any future improvements on the Land, any and all rights of Trustor in, to or under any architect's contracts or construction contracts relating to the construction of the existing or any future improvements on the Land, and any performance and/or payment bonds issued in connection therewith, together with all trademarks, trade names, copyrights, computer software and other intellectual property used by Trustor in connection with the Property; and

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

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

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

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

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

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

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

ARTICLE 2

ASSIGNMENT OF LEASES AND RENTS

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

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

2.2 Assignment of Leases and Rents.

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

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

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

Rents, and to retain the same. If an Event of Default exists, Trustor's license to collect and retain Rents shall terminate automatically.

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

2.3 Chapter 64 Texas Property Code. It is the intent of Trustor and Beneficiary that this Article 2 of this Deed of Trust comply with Chapter 64 of the Texas Property Code, as amended from time to time. To the extent there is an inconsistency between the terms of this Article 2 of this Deed of Trust and Chapter 64 of the Texas Property Code, then Chapter 64 of the Texas Property Code shall control.

2.4 Additional Provisions Regarding Assignment Of Rents. Section 2.2 will not be construed to require a *pro tanto* or other reduction of the Obligations (hereinafter defined) resulting from the assignment of Rents. If the provisions of Section 2.2 and the preceding sentence cause the assignment of Rents in Section 2.2 to be deemed to be an assignment for additional security only, Beneficiary will be entitled to all rights, benefits

and remedies attendant to such collateral assignment. The assignment of Rents contained in Section 2.2 will terminate upon the release of this Deed of Trust.

ARTICLE 3

SECURED OBLIGATIONS

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

Performance and Payment. (i) All payments, sums, charges, obligations and liabilities of Trustor due or to become due at any time under the Loan Agreement, and all other sums, charges, obligations and liabilities of Trustor due or to become due at any time to Grantee under this Deed of Trust, including the payment the Loan in the amount of [_____ and 00/100 Dollars (\$_____)] with interest thereon, according to the terms of Note, (ii) any and all extensions, renewals, modifications or replacements of the Loan Agreement or the Note, and (iii) payment and performance of any future advances and other obligations that the then record owner of all or part of the Property may agree to pay and/or perform (whether as principal, surety or guarantor) for the benefit of Beneficiary, when such future advance or obligation is evidenced by a writing which recites that it is secured by this Deed of Trust. The obligations evidenced by the Note and the Loan Agreement and secured by this Deed of Trust shall be referred to as the “Obligations.”

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

ARTICLE 4

REPRESENTATIONS AND COVENANTS

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

4.1 Warranties.

- (a) Trustor has full power and authority to grant the Property to Trustee and warrants the Property to be free and clear of all liens, charges, and other encumbrances except Permitted Encumbrances (as defined below) and as described in the Subordinate Loan Documents, “Permitted Encumbrances” means the liens, easements, and encumbrances of title described on Exhibit “B” attached hereto, to the extent each is valid, subsisting and affects title to the Property, together with the Extended Use Agreement (hereinafter described).

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

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

4.3 Construction. Trustor will (i) commence construction of the Improvements promptly following execution and recordation of this Deed of Trust, (ii) continue such construction in an expeditious manner and not cease or substantially cease productive construction work thereof without the prior written consent of Beneficiary, and (iii) complete the Improvements substantially in accordance with the plans and specifications previously furnished to and approved by Beneficiary.

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

4.5 Insurance.

- (a) Trustor will provide, maintain, and deliver to Beneficiary, as further security for the faithful performance of this Deed of Trust, all customary and reasonable insurance for the Property. All policies of insurance on the Property, whether or not required by the terms of this Deed of Trust, shall name Beneficiary as loss payee pursuant to a standard mortgage

endorsement on Form 438BFU or on a loss-payee form substantially equivalent to the New York standard mortgage endorsement, with such deductibles as approved by Beneficiary but that are, in any event, not more than \$10,000. Trustor shall be responsible for any uninsured losses and any deductibles. All existing and future policies for all insurance required by this Deed of Trust and all other insurance obtained by Trustor with respect to the Property, whether or not required by Beneficiary (including, but not limited to, earthquake insurance), and the proceeds of all of the foregoing, are hereby assigned to Beneficiary (and shall be paid to Beneficiary for application as herein provided), but no such assignment shall be effective to invalidate or impair any insurance policy.

- (b) Insurance Survey. During the last thirty (30) days of every third year computed from the date hereof, Trustor will have an insurance survey of the Property made. Trustor shall at these times obtain such additional coverages or make such increases in the amounts of existing coverage as may be requested by Beneficiary on the basis of such survey.
- (c) Damage and Destruction. In the event of any damage to or loss or destruction of the Property, Trustor shall: (i) promptly notify Beneficiary of such event if the damage to or loss or destruction of the Property is of a value in excess of \$75,000; (ii) take such steps as shall be necessary to preserve any undamaged portion of the Property; and (iii) unless otherwise instructed by Beneficiary, as hereinafter provided, shall, regardless of whether the insurance proceeds, if any, shall be sufficient for the purpose, promptly commence and diligently pursue to completion the restoration, replacement and rebuilding (collectively, "Restoration") of the Property as nearly as possible to its value, condition and character immediately prior to such damage, loss or destruction and in accordance with the plans and specifications approved, and with other provisions for the preservation of the security hereunder established, by Beneficiary, which approval shall not be unreasonably withheld or delayed. Notwithstanding the foregoing, if an Event of Default (as defined below and hereafter used) is then continuing or if the sum of insurance proceeds and other amounts available to Trustor for the restoration are not sufficient to pay for the planned restoration, Beneficiary may, upon the written direction of Lender, at its option, apply the insurance proceeds to the obligations secured by this Deed of Trust.
- (d) Beneficiary's Rights: Application of Proceeds. In the event that any portion of the Property is so damaged, destroyed or lost, and any such damage, destruction or loss is covered in whole or in part, by insurance described in Section 4.5(a), whether or not such insurance is specifically required by the terms of this Deed of Trust, then the following provisions shall apply:

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

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

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

- (e) Disbursement of Insurance Proceeds. Insurance proceeds held by Beneficiary for Restoration shall be disbursed from time to time as the Restoration progresses by Beneficiary (or at Beneficiary's election, to be exercised upon written direction of Lender, by a disbursing or escrow agent who shall be selected by Beneficiary and whose fees shall be paid by Trustor), upon delivery to Beneficiary of the following: (i) evidence reasonably satisfactory to Beneficiary of the estimated cost of Restoration; (ii) funds (or assurances reasonably satisfactory to Beneficiary that such funds are available) sufficient in addition to the proceeds of insurance to complete and fully pay for the Restoration; and (iii) such architect's certificates, waivers of lien, contractor's sworn statements, title insurance endorsements, plats of survey and such other evidences of cost, payment and performance as Beneficiary may reasonably require and approve. No payment made prior to the final completion of Restoration shall exceed ninety percent of the value of the work performed from time to time, as such value shall be determined by Beneficiary in its reasonable judgment. Prior to commencement of the work, and from time to time thereafter, if so requested by Beneficiary, Trustor shall deposit with Beneficiary an amount of funds in excess of the insurance proceeds which, together with such proceeds, shall at all times be at least sufficient in the reasonable judgment of Beneficiary to pay the entire unpaid cost of the Restoration, free and clear of all liens or claims of lien. Funds so deposited by Trustor shall be disbursed prior to the disbursement of any insurance proceeds. Any surplus which remains out of insurance proceeds held by Beneficiary after payment of all costs of the Restoration shall be paid to Trustor. No interest shall be allowed to Trustor on account of any insurance proceeds or other funds held by Beneficiary, but Beneficiary agrees that, at Trustor's request, Beneficiary will deposit any proceeds of insurance held by it for Restoration into a blocked non-interest bearing account with Beneficiary over which Beneficiary has sole possession, authority and control, in which Beneficiary has a perfected first-priority security interest to secure the indebtedness secured by this Deed of Trust, and otherwise on terms and conditions satisfactory to Beneficiary in its sole discretion. Notwithstanding the above, if an Event of Default occurs (other than an Event of Default that would be cured by the timely Restoration of the damaged portion of the Property) prior to full disbursement of the insurance proceeds and any other funds held by Beneficiary to be disbursed to Trustor any undisbursed portion of the insurance proceeds or other such funds may, at Beneficiary's option, to be exercised upon the written direction of Lender, be applied against the indebtedness secured by this Deed of Trust, whether or not then due, in such order and manner as Beneficiary shall select.
- (f) Effect on the Indebtedness. Any reduction in the indebtedness secured hereby resulting from the application to the indebtedness secured hereby of insurance proceeds pursuant to this Deed of Trust shall be deemed to take effect only on the date of receipt by Beneficiary of such proceeds and

application thereof to the indebtedness secured hereby; provided that, if, prior to the receipt by Beneficiary of such proceeds, the Property shall have been sold in connection with a trustee's sale under, or foreclosure of this Deed of Trust, or shall have been transferred by deed in lieu of foreclosure of this Deed of Trust, notwithstanding any limitation on Trustor's liability contained herein or in the Loan Agreement, Beneficiary shall have the right to receive the same to the extent of any deficiency following such sale or conveyance, together with reasonable attorneys' fees and disbursements incurred by Beneficiary in connection with the collection thereof.

- (g) Beneficiary may secure the insurance only in its own name and may insure only its interest in the Property, and in connection with Beneficiary securing any such insurance, without in any way limiting another term or provision of this Deed of Trust, the Note or the Loan Agreement, the following notice is given and delivered pursuant to §307.052 of the Texas Finance Code:

NOTICE:

(A) TRUSTOR IS REQUIRED TO: (i) KEEP THE PROPERTY INSURED AGAINST DAMAGE IN THE AMOUNT SET FORTH IN THIS DEED OF TRUST; (ii) PURCHASE THE INSURANCE FROM AN INSURER THAT IS AUTHORIZED TO DO BUSINESS IN THE STATE OF TEXAS OR AN ELIGIBLE SURPLUS LINES INSURER; AND (iii) NAME THE BENEFICIARY AS THE PERSON TO BE PAID UNDER THE POLICY IN THE EVENT OF LOSS;

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

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

4.6 Right of Inspection. Trustor shall permit Beneficiary or its agents or independent contractors (including, but not limited to, appraisers, environmental consultants and construction consultants), at all reasonable times and after reasonable notice, to enter upon and inspect the Property.

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

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

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

4.10 Taxes, Assessments and Other Liens. Except as expressly provided for herein, Trustor will pay prior to delinquency all taxes, assessments, encumbrances, charges, and liens with interest, and all common charges on the Property or any part thereof, which at any time appear to be or are alleged to be prior and superior hereto, including but not limited to any tax on or measured by rents of the Property, the Loan Agreement, this Deed of Trust, or any obligation or part thereof secured hereby.

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

4.12 Repayment of Expenditures. Trustor will pay immediately and without demand all amounts secured by this Deed of Trust, with interest from date of expenditure at a per annum rate equal to ten percent (10%) (the "Default Rate") and the repayment thereof shall be secured hereby.

4.13 (RESERVED).

4.14 (RESERVED).

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

4.16 Trustor Existence.

- (a) If Trustor is a corporation, Beneficiary is entering into the Loan Agreement in reliance on Trustor's continued existence, ownership and control in its present corporate form. Trustor will not alter such corporate structure, ownership or control without the prior written consent of Beneficiary, and will do all things necessary to preserve and maintain said corporate existence and to insure its continuous right to carry on its

business, including but not limited to, filing within the prescribed time all corporate tax returns and reports, and paying when due all such taxes.

- (b) If Trustor is a partnership, Beneficiary is entering into the Loan Agreement in reliance on the continued existence of Trustor partnership and upon the business and financial reputation of Trustor partnership as a business entity and each of the general partners thereof. Therefore, the general partners of Trustor hereby agree that they will take no action to dissolve Trustor partnership and will do all things within their power to prevent the dissolution and winding up of Trustor partnership, notwithstanding the death, withdrawal or expulsion of any general partner.
- (c) If Trustor is a limited liability company, Beneficiary is entering into the Loan Agreement in reliance on Trustor's continued existence, ownership and control in its present limited liability company form. Trustor will not alter such limited liability company structure, ownership or control without the prior written consent of Beneficiary and will do all things necessary to preserve and maintain said limited liability company existence and to insure its continuous right to carry on its business. The managing members of the Trustor agree that, without the prior written consent of Beneficiary, none of the managing members of Trustor will withdraw or be removed as a managing member of Trustor, except if substituted by an entity owned and controlled by an affiliate of Investor Member pursuant to Article VI of the Operating Agreement of Trustor. The withdrawal or expulsion of any managing member from Trustor shall not in any way affect the liability of the withdrawing or expelled managing member hereunder. Notwithstanding the foregoing, any change in the structure of Trustor or the ownership of the Property to which Beneficiary's consent has been given as set forth in Section 4.14 above or is otherwise a Permitted Transfer shall not be a violation of this Section.

4.17 Tax and Insurance Reserves.

- (a) In addition to the payments required by the Note and the Loan Agreement, if required by Beneficiary, Trustor agrees to pay Beneficiary such sums as Beneficiary may from time to time estimate will be required to pay, at least thirty (30) days before delinquency, the next due taxes, assessments, insurance premiums, and similar charges affecting the Property, less all sums already paid therefor divided by the number of months to elapse before one (1) month prior to the date when such taxes, assessments and premiums will become delinquent, such sums to be held by Beneficiary without interest or other income to the Trustor to pay such taxes, assessments and premiums. Should this estimate as to taxes, assessments and premiums prove insufficient, the Trustor upon demand agrees to pay Beneficiary such additional sums as may be required to pay them before delinquent.

- (b) If the total of the above-described payments in any one year shall exceed the amounts actually paid by Beneficiary for taxes, assessments and premiums, such excess shall be credited by Beneficiary on subsequent payments under this Section. If there shall be an Event of Default hereunder for which Beneficiary is directed in writing by Lender to realize upon this Deed of Trust, then at any time during the existence of the Event of Default and prior to the foreclosure sale, Beneficiary shall apply any balance of funds it may hold pursuant to this Section to repay the Obligations secured by this Deed of Trust and in such order as Beneficiary may elect. If Beneficiary acquires the Property in lieu of realizing on this Deed of Trust, the balance of funds it holds shall become the property of Beneficiary.
- (c) Any transfer in fee of all or a part of the Property shall automatically transfer to the grantee all or a proportionate part of Trustor's rights and interest in the fund accumulated hereunder.
- (d) Notwithstanding anything to the contrary set forth in this Deed of Trust, Trustor may, in lieu of paying such taxes and assessments as they become due and payable, contest in good faith the validity thereof. Pending resolution of such contest, Trustor shall not be deemed in default hereunder because of such nonpayment if, prior to delinquency of the asserted tax or assessment, Trustor furnishes Beneficiary an indemnity bond secured by a deposit in cash or other security acceptable to Beneficiary, or with a surety acceptable to Beneficiary, in the amount of the tax or assessment being contested by Trustor plus a reasonable additional sum to pay all costs, interest and penalties that may be imposed or incurred in connection therewith, conditioned that such tax or assessment, with interest, cost and penalties, be paid as herein stipulated, and if Trustor promptly pays any amount adjudged by a court of competent jurisdiction to be due, with all costs, penalties and interest thereon, on or before the date such judgment becomes final; provided that in any event the tax, assessment, penalties, interest and costs shall be paid prior to the date on which any writ or order is issued under which the Property may be sold in satisfaction thereof..

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

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

prudent management of the Property, the available remedies for nonperformance by the tenants of the obligations of the tenants contained in the Leases.

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

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

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

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

ARTICLE 5

DEFAULT

5. DEFAULT.

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

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

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

expenses (to include costs of documentary evidence, abstracts and title reports), employ counsel and pay a reasonable fee therefor. All sums so expended shall be payable on demand by Trustor, be secured hereby (except as otherwise provided in this Deed of Trust) and bear interest at the Default Rate.

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

Member, or any of its affiliates, makes any such payment or otherwise offers cure of a default, the Beneficiary will accept or reject such action as curing such default on the same basis as if payment or cure were made directly by the Trustor.

5.3 Exercise of Specific Remedies. If an Event of Default shall occur and is continuing, Beneficiary may exercise any one or more of the following remedies, without notice:

- (a) Acceleration. Beneficiary may declare the indebtedness secured hereby immediately due and payable, without notice, whereupon the same shall become immediately due and payable. Trustor hereby waives notice of intent to accelerate and notice of acceleration.
- (b) Enforcement of Assignment of Rents and Leases. Prior or subsequent to taking possession of any portion of the Property or taking any action with respect to such possession, Beneficiary may:
 - (i) collect and/or sue for the Rents in Beneficiary's own name, give receipts and releases therefor, and after deducting all expenses of collection, including attorneys' fees and expenses, apply the net proceeds thereof to any indebtedness secured hereby as Beneficiary may elect;
 - (ii) make, modify, enforce, cancel, terminate or accept surrender of any Leases, evict tenants, adjust the Rents, maintain, decorate, refurbish, repair, clean, and make space ready for renting, and otherwise do anything Beneficiary reasonably deems advisable in connection with the Property;
 - (iii) apply the Rents so collected to the operation and management of the Property, including the payment of management, brokerage and attorneys' fees and expenses, and/or to any indebtedness secured hereby; and
 - (iv) require Trustor to transfer all security deposits and records thereof to Beneficiary together with all original counterparts of the Leases.
- (c) Foreclosure. Beneficiary, with or without having first taken possession of the Property, may require the Trustee to sell all or part of the Property, at public auction, to the highest bidder, for cash, at the door of the county courthouse of the county in Texas in which such Property or any part thereof is situated or at the area of the county designated by the Commissioners Court of said county, or if the Property is located in more than one county such sale may be made at the courthouse in any county in which the Property is situated. The sale shall take place at such area of the courthouse as shall be properly designated from time to time by the Commissioners Court (or, if not so designated by the Commissioners

Court, at such other area as may be provided in the notice of sale hereinafter described) of the specified county, between the hours of 10:00 o'clock a.m. and 4:00 o'clock p.m. (the commencement of such sale to occur within three hours following the time designated in the hereinafter described notice of sale as the earliest time at which such sale shall occur, if required by applicable law) on the first Tuesday of any month, after giving notice of the time, place and terms of said sale (including the earliest time at which such sale shall occur) and of the property to be sold, in the manner hereinafter described. Notice of a sale of all or part of the Property by the Trustee shall be given by posting written notice thereof at the courthouse door (or other area in the county as may be designated for such public notices) of the county in which the sale is to be made, and by filing a copy of the notice in the office of the County Clerk of the county in which the sale is to be made at least twenty-one (21) days preceding the date of the sale, and if the property to be sold is in more than one county, a notice shall be posted at the courthouse door (or other area in the courthouse as may be designated for such public notices) and filed with the County Clerk of each county in which the property to be sold is situated. In addition, Beneficiary shall, at least twenty-one (21) days preceding the date of sale, serve written notice of the proposed sale by certified mail on Trustor and each debtor obligated to pay the debt secured hereby according to the records of Beneficiary. Service of such notice shall be completed upon deposit of the notice, enclosed in a postpaid wrapper, properly addressed to such debtor at the most recent address as shown by the records of Beneficiary, in a post office or official depository under the care and custody of the United States Postal Service. The affidavit of any person having knowledge of the facts to the effect that such service was completed shall be prima facie evidence of the fact of service. Any notice that is required or permitted to be given to Trustor may be addressed to Trustor at Trustor's address as stated above. Any notice that is to be given by certified mail to any other debtor may, if no address for such other debtor is shown by the records of Beneficiary, be addressed to such other debtor at the address of Trustor, as is shown by the records of Beneficiary. Notwithstanding the foregoing provisions of this paragraph, notice of such sale given in accordance with the requirements of the applicable laws of the State of Texas in effect at the time of such sale shall constitute sufficient notice of such sale. Trustee may sell all or any portion of the Property, together or in lots or parcels, and may execute and deliver to the purchaser or purchasers of such property good and sufficient deeds of conveyance of fee simple title with covenants of general warranty made on behalf of Trustor. In no event shall Trustee be required to exhibit, present or display at any such sale any of the personalty described herein to be sold at such sale. On the direction of the Beneficiary, Trustee, or her successor or substitute, is hereby authorized and empowered to appoint any one or more persons as her attorney(s)-in-fact to act as Trustee under her and in her name, place and stead, such

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

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

- (d) Lawsuits. Beneficiary may proceed by a suit or suits in equity or at law, whether for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, or for any foreclosure hereunder or for the sale of the Property under the judgment or decree of any court or courts of competent jurisdiction.
- (e) Entry on Property. If an Event of Default exists hereunder, Beneficiary may enter into and upon and take possession of all or any part of the Property, and may exclude Trustor, and all persons claiming under Trustor (other than residential tenants), and their agents or servants, wholly or

partly therefrom; and, holding the same, Beneficiary may use, administer, manage, operate, and control the Property and may exercise all rights and powers of Trustor in the name, place and stead of Trustor, or otherwise, as the Beneficiary shall deem best; and in the exercise of any of the foregoing rights and powers Beneficiary shall not be liable to Trustor for any loss or damage thereby sustained unless due solely to the willful misconduct or gross negligence of Beneficiary or its agents or representatives.

- (f) Trustee or Receiver. Beneficiary may make application to a court of competent jurisdiction, as a matter of strict right and without notice to Trustor or regard to the adequacy of the Property for the repayment of the indebtedness secured hereby, for appointment of a receiver of the Property, and Trustor does hereby irrevocably consent to such appointment. Any such receiver shall have all the usual powers and duties of receivers in similar cases, including the full power to rent, maintain and otherwise operate the Property upon such terms as may be approved by the court, and shall apply the Rents in payment of the indebtedness secured hereby.
- (g) Additional Remedies.
 - (i) Have a receiver appointed as a matter of right on an ex parte basis without notice to Trustor and without regard to the sufficiency of the Property or any other security for the indebtedness secured hereby and, without the necessity of posting any bond or other security, such receiver shall take possession and control of the Property and shall collect and receive all of the rents, issues and profits thereof.
 - (ii) Foreclose this Deed of Trust pursuant to a judicial foreclosure proceeding or otherwise realize upon the Property.
 - (iii) Cause Trustee to exercise its power of sale.
 - (iv) Sue on the Note and/or the Loan Agreement as permitted under applicable law.

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

5.4 Tenancy at Will. In the event of a trustee's sale hereunder and if at the time of such sale Trustor or any other party occupies the portion of the Property so sold or any part thereof other than residential tenants, such occupant shall immediately become the tenant of the purchaser at such sale, which tenancy shall be a tenancy from day to day,

terminable at the will of either tenant or landlord, at a reasonable rental per day based upon the value of the portion of the Property so occupied, such rental to be due and payable daily to the purchaser. An action of forcible detainer shall lie if the tenant holds over after a demand in writing for possession of such Property.

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

5.6 Reimbursement of Expenditure. If Beneficiary shall expend any money chargeable to Trustor or subject to reimbursement by Trustor under the terms of the Loan Agreement, Trustor shall repay the same to Beneficiary immediately, together with interest thereon at the Default Rate.

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

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

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

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

ARTICLE 6

CONDEMNATION

6. CONDEMNATION. Any award of damages, whether paid as a result of judgment or prior settlement, in connection with any condemnation or other taking of any portion of the

Property, for public or private use, or for injury to any portion of the Property (a “Condemnation”) is hereby assigned and shall be paid to Beneficiary which may apply such moneys received by it in the same manner and with the same effect as provided above for disposition of proceeds of hazard insurance, provided that if the taking results in a loss of the Property to an extent which, in the reasonable opinion of Beneficiary, renders or will render the Property not economically viable or which substantially impairs Beneficiary’s security or lessens to any material extent the value, marketability or intended use of the Property, Beneficiary may apply the Condemnation proceeds to reduce the unpaid indebtedness secured hereby in such order as Beneficiary may determine. If so applied, any proceeds in excess of the unpaid Obligations and other sums due to Beneficiary shall be paid to Trustor or Trustor’s assignee. Beneficiary shall in no case be obligated to see to the proper application of any amount paid over to Trustor. Such application or release shall not cure or waive any default or notice of default hereunder or invalidate any act done pursuant to such notice. If the Property or any part or appurtenance thereof or right or interest therein is taken or threatened to be taken by reason of any public or private improvement, Condemnation proceeding (including change of grade), or in any other manner, Beneficiary may, upon the written direction of Lender, commence, appear in and prosecute, in its own name, any action or proceeding, or make any reasonable compromise or settlement in connection with such taking or damage, and obtain all compensation, awards or other relief therefor, and Trustor agrees to pay Beneficiary’s costs and reasonable attorneys’ fees incurred in connection therewith.

ARTICLE 7

TRUSTEE

7. TRUSTEE.

7.1 General Powers and Duties of Trustee. At any time or from time to time, without liability therefor and without notice and without affecting the liability of any person for the payment of the indebtedness secured hereby, upon written request of Beneficiary, payment of its own fees and presentation of this Deed of Trust (in case of full reconveyance or release, for cancellation or retention), Trustee may, if an Event of Default then exists, reconvey, without warranty, all or any part of the Property. Trustee may authorize one or more parties to act on Trustee’s behalf to perform the ministerial functions required of Trustee under this Deed of Trust, including the transmittal and posting of any notices.

7.2 Reconveyance or Release. Upon written request of Beneficiary stating that all sums secured hereby have been paid, and upon payment of its fees, Trustee shall ensure the Beneficiary reconveys or releases, without warranty, the Property then held hereunder. The recitals in any reconveyance or release executed under this Deed of Trust of any matters of fact shall be conclusive proof of the truthfulness thereof.

7.3 Reassignment of Security Interest. At the written request of Beneficiary, Trustee shall reassign, terminate or release to Beneficiary the security interest created hereby and after such reassignment, termination or release, Beneficiary shall have the right, upon the occurrence and continuance of any Event of Default, to realize upon the personal

property subject to this Deed of Trust, independent of any action of Trustee, pursuant to the UCC.

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

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

7.6 Replacement of Trustee.

- (a) Beneficiary may, from time to time, with or without cause, but only upon written direction of the Lender, appoint another trustee in place and stead of Trustee herein named, and thereupon Trustee herein named shall be discharged and the trustee so appointed shall be substituted as Trustee hereunder, with the same effect as if originally named Trustee herein.
- (b) Trustee may resign by giving of notice of such resignation in writing to Beneficiary. If Trustee will die, resign or become disqualified from acting under this Deed of Trust or will fail or refuse to act in accordance with this Deed of Trust when requested by Beneficiary, or if for any reason and without cause Beneficiary will prefer to appoint a substitute trustee to act instead of the original Trustee named in this Deed of Trust or any prior successor or substitute trustee, Beneficiary, at the written direction of the Lender, will have full power to appoint a substitute trustee and, if preferred, several substitute trustees in succession who will succeed to all the estate, rights, powers and duties of the original Trustee named in this Deed of Trust. Such appointment may be executed by an authorized officer, agent or attorney-in-fact of Beneficiary (whether acting pursuant to a power of attorney or otherwise), and such appointment will be conclusively presumed to be executed with authority and will be valid and sufficient without proof of any action by Beneficiary.
- (c) Any successor Trustee appointed pursuant to this Section will, without any further act, deed or conveyance, become vested with all the estates, properties, rights, powers and trusts of the predecessor Trustee with like effect as if originally named as Trustee in this Deed of Trust; but, nevertheless, upon the written request of Beneficiary or such successor Trustee, the Trustee ceasing to act will execute and deliver an Deed of Trust transferring to such successor Trustee, all the estates, properties, rights, powers and trusts of the Trustee so ceasing to act, and will duly

assign, transfer and deliver any of the property and monies held by the Trustee ceasing to act to the successor Trustee.

7.7 INDEMNIFICATION OF TRUSTEE. EXCEPT FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, TRUSTEE SHALL NOT BE LIABLE FOR ANY ACT OR OMISSION OR ERROR OF JUDGMENT OR BE OTHERWISE RESPONSIBLE OR ACCOUNTABLE UNDER ANY CIRCUMSTANCES WHATSOEVER. TRUSTEE SHALL NOT BE PERSONALLY LIABLE FOR ANY DAMAGES RESULTING FROM ENTRY ON THE PROPERTY BY THE TRUSTEE OR ANYONE ACTING BY VIRTUE OF THE POWERS GRANTED TO THE TRUSTEE UNDER THIS DEED OF TRUST, OR FOR DEBTS CONTRACTED OR LIABILITY OR DAMAGES INCURRED IN THE MANAGEMENT OR OPERATION OF THE PROPERTY. 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 HER HEREUNDER AND BELIEVED BY HER IN GOOD FAITH TO BE GENUINE. THE TRUSTEE SHALL BE ENTITLED TO REIMBURSEMENT FOR REASONABLE EXPENSES INCURRED BY HER IN THE PERFORMANCE OF THE TRUSTEE'S DUTIES UNDER THIS DEED OF TRUST AND TO REASONABLE COMPENSATION FOR SERVICES RENDERED UNDER THIS DEED OF TRUST. ALL MONEY RECEIVED BY TRUSTEE SHALL, UNTIL USED OR APPLIED AS HEREIN PROVIDED, BE HELD IN TRUST, BUT NEED NOT BE SEGREGATED (EXCEPT TO THE EXTENT REQUIRED BY LAW), AND TRUSTEE SHALL NOT BE LIABLE FOR INTEREST THEREON. TRUSTOR HEREBY INDEMNIFIES TRUSTEE AGAINST ALL LIABILITY AND EXPENSES THAT SHE MAY INCUR IN THE PERFORMANCE OF HER DUTIES HEREUNDER. THE INDEMNIFICATION PROVISIONS IN THIS SECTION SHALL BE ENFORCEABLE REGARDLESS OF WHETHER ANY PERSON (INCLUDING THE PERSON FROM WHOM INDEMNIFICATION IS SOUGHT) ALLEGES OR PROVES THE SOLE, CONCURRENT, CONTRIBUTORY OR COMPARATIVE NEGLIGENCE OF THE TRUSTEE, OR OTHER SOLE OR CONCURRENT STRICT LIABILITY IMPOSED ON THE PERSON SEEKING INDEMNIFICATION.

ARTICLE 8

NOTICES

8. NOTICES.

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

8.2 Trustor and Beneficiary. Any notice to or demand upon Trustor (including any notice of default or notice of sale) or notice to or demand upon Beneficiary shall be deemed to have been sufficiently made for all purposes when sent, addressed to the

recipient at its address set forth above or to such other address as the recipient may have directed by notice in accordance herewith, via (i) three (3) business days after sent United States first class certified mail, return receipt requested, (ii) upon delivery or refusal or delivery if sent via personal messenger, (iii) one (1) business day after sent via nationally recognized overnight delivery service, or (iv) upon the sender's receipt of evidence of delivery if sent via facsimile, with a hard copy to follow by United States first class mail:

To the Beneficiary:

Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711
Attention: Director of Multifamily Bonds
Telephone: (512) 475-3344
Fascimile: (512) 475-1895
Email: Teresa.morales@tdhca.state.tx.us

And

Wilmington Trust, National Association
15950 North Dallas Parkway, Suite 550
Dallas, Texas 75248
Attention: Kushina White
Email: kwhite4@wilmingtontrust.com

With a copy to:

Cedar Rapids Bank and Trust Company
500 First Avenue NE
Cedar Rapids, Iowa 52401
Attention: Sam Kramer
Email: skramer@crbt.com

With a copy to:

Winthrop & Weinstine, P.A.
225 South Sixth Street, Suite 3500
Minneapolis, Minnesota 55402-4629
Attention: Holly A. Stocker, Esq.
Email: hstocker@winthrop.com

To the Trustor:

Palladium East Berry, Ltd.
13455 Noel Road, Suite 400
Dallas, Texas 75240
Attention: Thomas E. Huth

With copies to:

PNC Bank, National Association
121 S.W. Morrison Street, Suite 1300
Portland, Oregon 97204-3143
Attn: Fund Manager

And to:

Nixon Peabody LLP
799 9th Street NW Suite 500,
Washington, DC 20001-5327
Attention: Matthew W. Mullen

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

ARTICLE 9

MISCELLANEOUS

9. MISCELLANEOUS

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

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

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

9.4 Trustor's Right To Possession. Trustor may be and remain in possession of the Property for so long as Beneficiary has not excluded Trustor from the Property during such time as an Event of Default has occurred and is continuing in default hereunder and Trustor may, while it is entitled to possession of the Property, use the same.

9.5 Maximum Interest. Trustor and Beneficiary intend to conform strictly to applicable usury laws. Therefore, the total amount of interest (as defined under

applicable law) contracted for, charged or collected under this Deed of Trust will never exceed the lesser of (i) 12% per annum or (ii) the maximum interest rate that may be paid on the Bonds under the laws of the State of Texas pursuant to Chapter 1204 of the Texas Government Code or any successor statute thereof (collectively, the "Maximum Rate"). If Beneficiary contracts for, charges or receives any excess interest, it will be deemed a mistake. Any unlawful contract or charge will be automatically reformed to conform to applicable law, and if Beneficiary has received excess interest, Beneficiary will either refund the excess to Trustor or credit the excess on the unpaid amounts owing under the Note, the Loan Agreement or this Deed of Trust. All amounts constituting interest will be spread throughout the full term of the Bonds in determining whether interest exceeds lawful amounts.

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

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

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

9.9 Waivers. Except as otherwise provided in this Deed of Trust or any of the other Loan Documents (as defined in the Continuing Covenants Agreement), Trustor waives all suretyship defenses that may lawfully be waived, including but not limited to notice of acceptance of this Deed of Trust, notice of the incurrence, acquisition or subordination of any amounts secured hereby, credit extended, collateral received or delivered or other action taken in reliance on this Deed of Trust, notices and all other demands and notices of any description. With respect to both any amounts secured hereby and the Property, Trustor assents to any extension or postponement of the time of payment or any other

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

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

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

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

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

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

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

9.15 WAIVER OF TRIAL BY JURY.

- (a) **TRUSTOR AND, TO THE EXTENT PERMITTED BY LAW, BENEFICIARY EACH COVENANTS AND AGREES NOT TO**

ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS DEED OF TRUST OR THE RELATIONSHIP BETWEEN THE PARTIES AS TRUSTOR AND BENEFICIARY THAT IS TRIABLE OF RIGHT BY A JURY.

- (b) **TRUSTOR AND, TO THE EXTENT PERMITTED BY LAW, BENEFICIARY EACH WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.**

9.16 Waiver of Marshalling.

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

9.17 WAIVER OF SPECIAL DAMAGES.

TO THE EXTENT PERMITTED BY APPLICABLE LAW, NEITHER TRUSTOR NOR ANY PARTY ACCEPTING THIS DEED OF TRUST SHALL ASSERT, AND ALL HEREBY WAIVE, ANY CLAIM AGAINST THE OTHERS ON ANY THEORY OF LIABILITY FOR SPECIAL, INDIRECT, CONSEQUENTIAL, OR PUNITIVE DAMAGES (AS OPPOSED TO DIRECT OR ACTUAL DAMAGES) ARISING OUT OF, IN CONNECTION WITH, OR AS A RESULT OF, THIS DEED OF TRUST.

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EXHIBIT A

LEGAL DESCRIPTION

All that certain real property located in the City of Fort Worth, County of Tarrant, State of Texas, and described as follows:

[To be inserted]

EXHIBIT "B"

This Deed of Trust is made and accepted subject to those certain liens, easements and encumbrances of title set forth in the Schedule of Exceptions from Coverage to the loan policy issued by Chicago Title of Texas, LLC, as agent for Chicago Title Insurance Company (File No. CTHS55-8000552100027-JM).

ASSIGNMENT OF DEED OF TRUST DOCUMENTS

This Assignment of Deed of Trust Documents (“Assignment”) is dated as of July 1, 2022 from the TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas (the “Assignor”), to WILMINGTON TRUST, NATIONAL ASSOCIATION, a national banking association, as Trustee (the “Assignee”) under the Trust Indenture (the “Indenture”) dated as of July 1, 2022, between the Assignor as Issuer and the Assignee as Trustee.

RECITALS

PALLADIUM EAST BERRY, LTD., a Texas limited partnership (the “Owner”), as Borrower, has:

(i) entered into with the Assignor a Loan Agreement dated as of July 1, 2022 (said Loan Agreement with all further supplements and amendments thereto is herein referred to as the “Loan Agreement”), evidencing indebtedness in the aggregate principal amount of \$26,092,000 (the “Loan”);

(ii) executed and delivered to the Assignor the Promissory Note dated July [], 2022 (said Note together with all further supplements and amendments thereto is herein referred to as the “Note”) in the principal amount of \$26,092,000 and made to the order of the Assignor as Payee, further evidencing the Loan; and

(iii) executed and delivered to the Assignor the Deed of Trust, Security Agreement, Assignment of Leases and Rents and Fixture Filing dated as of July [], 2022 (the “Mortgage”) made to a mortgage trustee for the benefit of the Assignor and the Assignee, securing the Note, and to be recorded in the Deed Records of Tarrant County, Texas, and relating to the real estate described in Exhibit A hereto.

The documents identified in (i), (ii) and (iii) above, together with all financing and continuation statements to perfect the liens and security interests granted thereby, are collectively referred to herein as the “Deed of Trust Documents.”

The Assignor desires to assign and transfer to the Assignee all its right, title and interest in and to the Deed of Trust Documents, excluding the Reserved Rights, and the Assignee desires to acquire Assignor’s right, title and interest as aforesaid under the Deed of Trust Documents in accordance with the terms hereof. The Assignee is joining in the execution of this Assignment in order to evidence its acceptance hereof.

The Owner is joining in the execution of this Assignment in order to evidence its consent hereto and in order to agree that the Deed of Trust Documents shall be effective to secure the obligations of the Owner to the Assignee as more fully set forth therein and herein.

AGREEMENT

For and in consideration of the premises, the sum of \$10.00, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

Section 1. Definitions. All words and phrases defined in the Indenture have the same meanings in this Assignment, which definitions are incorporated herein by reference, unless a different definition is set forth in this Assignment.

Section 2. Assignment. The Assignor sells, assigns and sets over and transfers to the Assignee all the right, title and interest of the Assignor in, to and under the Deed of Trust Documents, excluding any Reserved Rights, and Assignee accepts such assignment and assumes Assignor's obligations under the Deed of Trust Documents. This Assignment is made and shall be without recourse, warranty or representation of the Assignor.

Section 3. Miscellaneous. In case any one or more of the provisions contained in this Assignment are invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein will not be affected or impaired thereby.

This Assignment may be executed in any number of counterparts, each executed counterpart constituting an original, but all counterparts together constituting only one instrument.

It is the intention of the parties hereto that this Assignment and the rights and obligations of the parties hereunder shall be governed, construed and enforced in accordance with the laws of the State of Texas, without reference to the conflicts of laws principles of the State of Texas.

(SIGNATURE PAGES FOLLOW)

IN WITNESS WHEREOF, the undersigned have executed this Assignment of Deed of Trust Documents as of the date first above written.

ASSIGNOR:

TEXAS DEPARTMENT OF HOUSING AND
COMMUNITY AFFAIRS

By: _____

Name: James B. "Beau" Eccles

Title: Secretary to the Board

Address: P.O. Box 13941
Austin, Texas 78711-3941

Attention: Director of Multifamily Bonds

ACKNOWLEDGMENT

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

The foregoing instrument was acknowledged before me this ____ day of _____, 2022, by James B. "Beau" Eccles, Secretary to the Governing Board of the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas, on behalf of said agency.

Notary Public's Signature

(PERSONALIZED SEAL)

ASSIGNEE:

WILMINGTON TRUST, NATIONAL
ASSOCIATION, as Trustee

By: _____

Name: Kushina White

Title: Vice President

Address: 15950 North Dallas Parkway, Suite 550

Attention: Dallas, Texas 75248

ACKNOWLEDGMENT

STATE OF TEXAS §

COUNTY OF _____ §

The foregoing instrument was acknowledged before me this ____ day of _____, 2022,
by Kushina White, a Vice President of Wilmington Trust, National Association, a national banking
association, on behalf of said association.

Notary Public's Signature

(PERSONALIZED SEAL)

The undersigned, being the Owner referred to in the foregoing Assignment of Deed of Trust Documents, hereby acknowledges receipt and acceptance thereof and consents and agrees to the assignment made therein and to the terms and provisions thereof.

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership

By: Palladium East Berry GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Thomas E. Huth, Manager

ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

On this the _____ day of _____, 2022 personally appeared Thomas E. Huth, Manager of Palladium East Berry GP, LLC, a Texas limited liability company, the general partner of Palladium East Berry, Ltd., a Texas limited partnership, who acknowledged that he executed the foregoing instrument for the purposes therein contained and in the capacity stated on behalf of said entity.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Notary Public, State of _____

Notary's Name (Printed): _____

Notary Seal:

EXHIBIT A

LEGAL DESCRIPTION

[TO COME].

TAX EXEMPTION CERTIFICATE AND AGREEMENT

Dated as of

July 1, 2022

among

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS,
as Issuer

and

WILMINGTON TRUST, NATIONAL ASSOCIATION,
as Trustee

and

PALLADIUM EAST BERRY, LTD.,
as Borrower

regarding

\$26,092,000

**Texas Department of Housing and Community Affairs
Multifamily Housing Revenue Bonds
(Palladium East Berry Street)
Series 2022**

TABLE OF CONTENTS

		Page
1.	Definitions.....	1
2.	Authorized Representatives	7
3.	Reasonable Expectations	8
4.	Reliance on Borrower’s Representations and Covenants	8
5.	Completeness of Borrower Information	9
6.	General Requirements Relating to Issuance of the Bonds.....	9
7.	Sale Proceeds of the Bonds.....	10
8.	Pre-Issuance Accrued Interest.....	10
9.	Use of Proceeds of the Bonds	10
10.	Issue Price	13
11.	Yield on the Bonds.....	13
12.	Yield on the Bond Loan.....	13
13.	Investment of Proceeds Pending Expenditure; No Arbitrage	15
14.	Covenants of Trustee Relating to Investment of Proceeds	16
15.	Compliance with Yield Reduction and Rebate Requirements; Rebate Fund	17
16.	Funds.....	20
17.	Replacement Proceeds	21
18.	Not an Abusive Transaction.....	22
19.	The Project.....	22
20.	Tenant Income Certifications.....	24
21.	Form of Lease	24
22.	Change in Use.....	25
23.	Cashflow Sufficiency	25
24.	Post-Issuance Compliance Procedures	25
25.	Record Retention	25
26.	Examination by IRS	26
27.	Term.....	26
28.	Amendments	26
29.	Remedies.....	27
30.	Miscellaneous	27
Exhibit A	Issue Price Certificate	A-1
Exhibit B	Certificate of Financial Advisor.....	B-1
Exhibit C	Issuer’s Qualified Hedge Identification Certificate	C-1
Exhibit D	Borrower’s Qualified Hedge Identification Certificate	D-1
Exhibit E	Certificate of Swap Provider	E-1
Exhibit F	Schedule of Bond Loan Costs.....	F-1

TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this “Agreement”) dated as of July 1, 2022, but effective as of the Closing Date (as defined in the Indenture defined below) is among the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS** (together with its successors and assigns, the “Issuer”), a public and official agency of the State (as defined herein), **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association organized and existing under the laws of the United States of America, as Trustee under the hereinafter defined Indenture (together with any successor Trustee under the Indenture described below and their respective successors and assigns, the “Trustee”), and **PALLADIUM EAST BERRY, LTD.**, a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”) and is entered into in connection with the issuance of the \$26,092,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “Bonds”). The representations of facts and circumstances and the covenants of the Issuer made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

RECITALS

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

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

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

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

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

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

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

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

“Bond Fund” means the “Bond Fund” established pursuant to the Indenture, including the Negative Arbitrage Account therein.

“Bond Loan” means the loan of Proceeds of the Bonds from the Issuer to the Borrower pursuant to the terms of the Loan Agreement.

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

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

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

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

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

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

“Expense Fund” means the “Expense Fund” established pursuant to the Indenture.

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

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

“Financial Advisor” means Stifel, Nicolaus & Company, Incorporated.

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

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

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

“Indenture” means the Trust Indenture by and between the Issuer and the Trustee, dated as of July 1, 2022.

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

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

“IRS” means the Internal Revenue Service.

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

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

“Loan Agreement” means the Loan Agreement among the Issuer, the Purchaser, and the Borrower, dated as of July 1, 2022.

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

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

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

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

“Official Intent Date” means September 2, 2021.

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

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

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

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

“Project” means an approximately 240-unit multifamily housing development to be known as Palladium East Berry Street and located at 2350 East Berry Street, Fort Worth, Tarrant County, Texas.

“Project Costs” means, to the extent authorized by State law, any and all costs incurred by the Borrower with respect to the acquisition, construction, rehabilitation, and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the Issue Date of the Bonds, including, without limitation, costs for site preparation, the planning of housing and improvements, the removal or demolition of existing structures, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors’ and Borrower’s overhead and supervisor’s fees and costs directly allocable to the Project, and administrative and other expenses necessary or incident to the Project and the financing thereof.

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

“**Purchaser**” means Cedar Rapids Bank and Trust Company, an Iowa state-chartered banking corporation.

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

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

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

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

(c) The costs are not Costs of Issuance.

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

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

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

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

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

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

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

“Regulatory Agreement” means the Regulatory and Land Use Restriction Agreement, among the Issuer, the Trustee, and the Borrower, dated as of July 1, 2022.

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

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

“Replacement Proceeds” has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

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

“**State**” means the State of Texas.

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

“**Substantial User**” has the meaning given to such term in section 1.103-11(b) of the Regulations, and generally includes any person who regularly uses a part of a facility in its trade or business and (i) such facility, or part thereof, is specifically constructed, reconstructed, or acquired for such person or (ii) such person (A) receives more than five percent of the total revenue derived by all users of such facility as gross revenue or (B) occupies more than five percent of the entire usable area of the facility.

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

“**Swap Provider**” means Cedar Rapids Bank and Trust Company.

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

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

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

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

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

2. Authorized Representatives.

(a) Issuer. The undersigned representative of the Issuer represents that such representative (i) is charged, along with others, with the responsibility for the Bonds and, as such, the undersigned is familiar with the facts herein certified and is authorized on

behalf of the Issuer to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Issuer personnel and consultants to the Issuer, the undersigned representative of the Issuer has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

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

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

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

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

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

6. General Requirements Relating to Issuance of the Bonds.

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

(b) Public Hearing and Approval. As required under section 147(f) of the Code, the Issuer hosted a public hearing on February 14, 2022, regarding the Bonds and the Project and for which there was reasonable public notice. The Attorney General of the State approved the issuance of the Bonds.

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

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

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

(f) Substantial User. No person that was a Substantial User of the Project at any time during the five-year period before the Issue Date of the Bonds or any Related Person to such Substantial User will (i) receive (directly or indirectly) more than five percent of the Proceeds of the Bonds for such user's interest in the Project and (ii) will be a Substantial User of the Project at any time during the five-year period after the Issue Date

of the Bonds. For purposes of this subparagraph, a user that is a governmental unit within the meaning of section 1.103-1 of the Regulations is disregarded.

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

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

(i) Borrower's EIN. The Borrower represents that the Borrower's EIN is 88-0593429.

7. Sale Proceeds of the Bonds. The amount of Sale Proceeds received by the Issuer from the sale of the Bonds is \$26,092,000, which represents the Stated Redemption Price at Maturity of the Bonds. The Sale Proceeds of the Bonds will be loaned to the Borrower and used to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Bonds will be financed out of the Borrower's available funds.

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

9. Use of Proceeds of the Bonds.

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

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

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs

under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. Costs of Issuance in the amount of \$[_____] are expected to be paid out of the Net Proceeds of the Bonds. Thus, Costs of Issuance financed out of Net Proceeds of the Bonds are not expected to exceed in the aggregate two percent of the Sale Proceeds of the Bonds (i.e., \$[522,000]). In no event will Costs of Issuance paid from Proceeds of the Bonds exceed two percent of the Sale Proceeds of the Bonds, and any Costs of Issuance in excess of two percent of Sale Proceeds of the Bonds will be paid by the Borrower from sources other than Net Proceeds of the Bonds.

(ii) Acquisition of Existing Property. No portion of the Net Proceeds of the Bonds will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, except for land, the first use of such property is pursuant to such acquisition.

(iii) Limitation on Land Acquisition. Less than 25 percent of the Net Proceeds of the Bonds will be used (directly or indirectly) to acquire land (or an interest therein) and no portion of the Net Proceeds of the Bonds will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest therein) to the extent of that portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project. Net Proceeds of the Bonds in the amount of \$[_____] are expected to be used (directly or indirectly) to acquire land (or an interest therein), and such amount is less than 25 percent of the Net Proceeds of the Bonds (i.e., \$[6,525,000]).

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

(v) Payments to Related Persons. Any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Bonds paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated

person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Bonds that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

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

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

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

(c) Reimbursement. The Borrower expects that it will use Proceeds of the Bonds in the amount of \$[] to reimburse itself for expenditures paid prior to the Issue Date of the Bonds. Other than (i) an amount not greater than \$100,000 and/or (ii) Preliminary Expenditures up to an amount not in excess of 20 percent of the Issue Price of

the Bonds, no portion of the Proceeds of the Bonds will be disbursed to reimburse the Issuer, the Borrower or any Related Person to the Borrower for any expenditures paid or incurred prior to the date that is 60 days before the Official Intent Date, which is the date on which the Issuer adopted a resolution describing the Project, stating the maximum principal amount of obligations expected to be issued for the Project and stating the Issuer's reasonable expectation that expenditures for costs of the Project would be reimbursed with Proceeds of an obligation. Such resolution was not an official intent declared as a matter of course or in an amount substantially in excess of the amount expected to be necessary for the Project. Neither the Issuer nor the Borrower has engaged in a pattern of failure to reimburse actual original expenditures covered by official intents. Such reimbursed portion will be treated as spent for purposes of the "Funds—Project Fund" subparagraph herein and the "Compliance with Yield Reduction and Rebate Requirements; Rebate Fund" paragraph herein.

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

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Issuer hereby identifies in its books and records maintained for the Bonds the rule the Issuer will use to determine the Issue Price for each maturity of the Bonds as the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by the single buyer. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Bonds is \$26,092,000. The Issue Price of the Bonds represents the Stated Redemption Price at Maturity.

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

(a) The Yield on the Bonds will be computed separately for each computation period. For the purposes of this Agreement, the Yield on the Bonds for each computation period is the discount rate that, when used in computing the present value as of the first day of the computation period of all payments of principal and interest and fees for qualified guarantees on the Bonds that are attributable to the computation period, produces an amount equal to the present value, using the same discount rate, of the aggregate Issue Price (or deemed Issue Price, as determined by section 1.148-4(c)(2)(iv) of the Regulations) of the Bonds as of the first day of the computation period.

(b) The Borrower and the Swap Provider have entered into the Swap. The Borrower has entered into the Swap primarily to modify the risk of interest rate changes on the Bonds. As described more fully in the Qualified Hedge Identification Certificates attached hereto as Exhibit C and D, respectively, (i) payments under the Swap will be made to coincide with interest payments on the Hedged Bonds, (ii) the Swap will be for a period of years not longer than the term of the Hedged Bonds, (iii) all of the terms of the Swap are at fair market value, (iv) the Swap will not contain a significant investment element, (v) no payments have been or will be made or received to acquire the Swap, and (vi) the Swap Provider is not a related party to the Issuer or the Borrower. By executing the Qualified Hedge Identification Certificates, the Swap was identified by the Issuer and the Borrower on the books and records maintained for the Bonds not later than fifteen days after the date on which the Borrower and the Swap Provider entered into the Swap. Therefore, the Swap will be treated by the Issuer and the Borrower as a qualified hedge. The Borrower will not enter into a different hedging transaction with respect to the Bonds unless there is first received a Favorable Opinion of Bond Counsel. The Swap Provider has made certifications relevant to the treatment of the Swap for federal income tax purposes, such certificate being attached as Exhibit E.

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

(a) The Bond Loan is allocated to the Bonds. The Yield on the Bond Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Bonds. For the purposes of this Agreement, the Yield on the Bond Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Bonds of all receipts with respect to the Bond Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Bond Loan as of the Issue Date of the Bonds. The aggregate payments made to the Borrower with respect to the Bond Loan include no payments other than the “purchase price” of the Bond Loan. The purchase price of the Bond Loan is the amount loaned to the Borrower by the Issuer on the Issue Date of the Bonds, i.e. \$26,092,000.

(b) The Bond Loan is a purpose investment that the Issuer intends to treat as a “program investment” within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any “related party,” within the meaning of section

1.150-1(b) of the Regulations, to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The Issuer has not waived the right to treat the Bond Loan as a program investment.

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

(d) The Yield on the Bond Loan, calculated in the manner set forth above, is not expected to exceed the Yield on the Bonds by more than 1.5 percentage points. If, pursuant to the calculations performed in the manner set forth above, it is determined that the Yield on the Bond Loan is more than 1.5 percentage points higher than the Yield on the Bonds, the Issuer will satisfy the Yield restriction requirements imposed on the Bonds by making Yield Reduction Payments to the federal government in accordance with section 1.148-5(c)(3)(ii) of the Regulations.

13. Investment of Proceeds Pending Expenditure; No Arbitrage.

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

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

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

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Issuer and the Borrower that the Gross Proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Issuer and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Indenture and the Loan Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Loan Agreement or the note relating to the Bond Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Bonds, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Bonds, direct or permit the Trustee to invest Gross Proceeds of the Bonds in any investment (or to use Gross Proceeds of the Bonds to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Bonds to stated maturity, except as permitted by section 148 of the Code. The Issuer and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Trustee complies with all applicable requirements of section 148 of the Code relating to the Bonds and the interest thereon.

14. Covenants of Trustee Relating to Investment of Proceeds. The Trustee will invest funds held under the Indenture in accordance with the respective terms of the Indenture and this Agreement, which covenant will extend throughout the term of the Bonds, to all funds and accounts created under the Indenture and this Agreement and all moneys on deposit to the credit of any fund or account. Should the Issuer or the Borrower deliver notice (in the manner required under the Indenture or the Loan Agreement, as applicable) to the Trustee (it being understood that neither the Issuer nor the Borrower has an obligation to so deliver) or should the Trustee receive an opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Bonds would cause the Bonds to become “arbitrage bonds” within the meaning of section 148 of the Code, then the Trustee will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Bonds from becoming an “arbitrage bond.” The Issuer and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Trustee will be deemed to have complied with such provisions and will have no liability to the extent the Trustee materially follows the written directions of the Borrower or the Issuer.

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

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

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

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

(i) (A) a statement, signed by an officer or other authorized representative of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due, and (B) a copy of the report prepared by the Rebate Analyst in connection therewith;

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

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

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

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

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

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Trustee, at the written direction of the Borrower, in Eligible Investments, subject to the Code. The Trustee will sell and reduce to cash a sufficient amount of such Eligible Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes. In the absence of written direction from the Borrower, the Trustee will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

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

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

3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Trustee within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Trustee within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 100 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Trustee and the Issuer a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Bonds from becoming “arbitrage bonds” within the meaning of section 148 of the Code.

(f) Identification of Rebate Analyst. The initial Rebate Analyst for the Bonds is Dauby O’Conner & Zaleski, LLC. The contact information for the initial Rebate Analyst is:

Name: Greg Chester
Address: 501 Congressional Blvd, Carmel, IN 46032
Telephone: 512-337-8991
E-mail: gchester@dozllc.com

If the Borrower determines to engage the services of a different Rebate Analyst, the Borrower will provide the name and contact information for such entity to the Issuer within thirty days of engagement.

(g) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Trustee, or the Issuer in connection with computing the Rebate Amount and the Yield Reduction Payments; provided that nothing herein will be construed as the Trustee being responsible for creating, preparing or reviewing any of the computations contemplated under this Agreement.

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

(i) Amounts Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Bonds have not been invested at a Yield that is “materially higher” than the Yield on the Bonds and therefore is not required to pay Yield

Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Trustee and the Issuer within 55 days after the applicable Computation Date.

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

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

16. Funds.

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

(b) Bond Fund. Amounts on deposit in the Bond Fund will be used for the purposes set forth in Section 4.02 of the Indenture. The Bond Fund will be used primarily to achieve a proper matching of payments made pursuant to the Loan Agreement and debt service on the Bonds within each Bond Year. Any amounts in the Bond Fund held for longer than 13 months will be invested in obligations the Yield on which is not "materially higher" than the Yield on the Bonds, except as set forth in the "Investment of Proceeds

Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

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

(d) Expense Fund. Amounts on deposit in the Expense Fund will be used for the purposes of payment of fees and expenses required under the Loan Agreement. There is no assurance that amounts on deposit in the Expense Fund will be available to pay debt service on the Bonds.

(e) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Indenture; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Bonds.

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

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

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

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Bonds because the Issuer reasonably expects that the term of the Bonds will not be longer than is reasonably necessary for the governmental purpose of the Bonds. Furthermore, even if the Bonds were outstanding longer than necessary for the purpose of the Bonds, no Replacement Proceeds will arise because the Issuer reasonably expects that no amounts will become available during the period that the Bonds remain outstanding longer than necessary based on the reasonable expectations of the Issuer as to the amounts and timing of future revenues. The Bonds would be issued to achieve the governmental purpose of the Bonds independent of any arbitrage benefit as evidenced by the expectation

that the Bonds reasonably would have been issued if the interest on the Bonds were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).

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

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

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

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

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

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

(a) The Project will be comprised of (i) Units, all of which will be rented to individuals or families for residential occupancy and none of which will be owner-occupied

(other than any functionally related and subordinate Units used by management for the purpose of housing any reasonably required resident managers, security personnel or maintenance personnel for the Project) and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units are similarly constructed and offer fixtures of similar quality. All amenities that are part of the Project will be made available to all residential tenants and their guests on an equal basis, regardless of the rent charged for the Unit occupied by the residential tenant.

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

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

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

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

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

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

paragraph. Costs relating to the acquisition, construction and equipping of any nonresidential or commercial space developed in connection with the Project (including any costs of land acquisition allocable thereto) will be allocated to sources other than the Bonds.

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

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

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period.

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

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

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

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

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

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

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

24. Post-Issuance Compliance Procedures. The Issuer has implemented written post-issuance tax compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements under the Code and Regulations and to monitor the requirements of section 148 of the Code. A copy of the Issuer’s then-current post-issuance tax compliance procedures is and will be available on the Issuer’s website during the term of this Agreement. If the Issuer’s website is not available, a copy of the then-current post-issuance tax compliance procedures will be made available to the Borrower, upon request. The Borrower agrees to take such actions as required therein to be taken by the Borrower to maintain compliance with requirements in the Code. In the event that the terms of the Issuer’s post-issuance tax compliance procedures conflict with the terms of this Agreement, the terms of this Agreement will control.

25. Record Retention. The Borrower and the Trustee (to the extent the Trustee received such records in accordance with the terms of the Bond Documents) will retain or cause to be retained all pertinent and material records relating to any formal elections made for purposes of federal income tax law; the use of the Project; the investment, use and expenditure of the Proceeds of the Bonds; and the calculation of rebate in connection with the Bonds until three years after the

Bonds, including any tax-exempt obligations issued to refinance the Bonds, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Issuer to retrieve and reproduce such books and records in the event of an examination of the Bonds by the IRS.

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

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

28. Amendments.

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

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Issuer, the Trustee and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this

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

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

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

30. Miscellaneous.

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

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

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

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

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

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

(g) The Trustee. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Trustee shall be expressly subject to Article X of the Indenture.

[EXECUTION PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer, the Borrower and the Trustee (but, as for the Trustee, it is only agreeing to sections 2(c), 14, 15, and 25 through 30) have caused this Agreement to be executed and delivered by duly authorized officers thereof as of the Closing Date.

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

By: _____

Name: Teresa Morales

Title: Director of Multifamily Finance

Signature Page to Tax Exemption Agreement

PALLADIUM EAST BERRY, LTD.,
a Texas limited partnership

By: Palladium East Berry GP, LLC,
a Texas limited liability company,
its general partner

By: _____
Thomas E. Huth, Manager

Signature Page to Tax Exemption Agreement

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

By: _____
Name: Kushina White
Title: Vice President

Signature Page to Tax Exemption Agreement

EXHIBIT A

ISSUE PRICE CERTIFICATE

I, the undersigned officer of Cedar Rapids Bank and Trust Company (“Purchaser”), make this certification in connection with the \$26,092,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “Bonds”). Each capitalized term used but not defined herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement prepared in connection with the Bonds (the “Tax Exemption Agreement”).

1. I hereby certify as follows in good faith as of the Issue Date of the Bonds:
 - (a) I am the duly chosen, qualified and acting officers of the Purchaser for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Purchaser. I am the officer of Purchaser charged, along with other officers of the Purchaser, with responsibility for the Bonds.
 - (b) The Purchaser is not acting as an Underwriter with respect to the Bonds. The Purchaser has no present intention to sell, reoffer, or otherwise dispose of the Bonds (or any portion of the Bonds or any interest in the Bonds).
 - (c) The Purchaser has purchased the Bonds from the Issuer for an aggregate purchase price of \$26,092,000. The Bonds were purchased with no amount of Pre-Issuance Accrued Interest.
 - (d) The Purchaser is not a Related Party to Palladium East Berry, Ltd.
2. For purposes of this Issue Price Certificate, the following definitions apply:
 - (a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.
 - (b) “Related Party” means any two or more persons who are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).
 - (c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Issuer to participate in the initial sale of the Bonds to the Public, and

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

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Purchaser's interpretation of any laws, including specifically sections 103 and 148 of the Internal Revenue Code. 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 Agreement and with respect to compliance with the federal income tax rules affecting the Bonds, and by Bracewell LLP in connection with rendering its opinion that the interest on the Bonds is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Issuer from time to time relating to the Bonds.

[EXECUTION PAGE FOLLOWS]

The foregoing Issue Price Certificate has been duly executed as of the Issue Date of the Bonds.

**CEDAR RAPIDS BANK AND TRUST
COMPANY**

By: _____

Name:

Title:

EXHIBIT B

CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of Stifel, Nicolaus & Company, Incorporated (the “Financial Advisor”), make this certificate in connection with the \$26,092,000 Texas Department of Housing and Community Affairs Multifamily Housing Revenue Bonds (Palladium East Berry Street) Series 2022 (the “Bonds”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit B is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Bonds:

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

2. The Issue Price plus any Pre-Issuance Interest on the Bonds, based on the representations of the Purchaser in the Issue Price Certificate attached as Exhibit A to the Tax Exemption Agreement, is not more than \$26,092,000.

3. Solely for the purposes of demonstrating the fact that the Yield on the Loan is not reasonably expected to be more than 1.5 percentage points higher than the Yield on the Bonds, the Financial Advisor has performed certain calculations relating to the Bonds and the Bond Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the “Yield on the Bonds” and “Yield on the Bond Loan” paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Issuer, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor’s knowledge, as of the Issue Date of the Bonds, no fact or circumstance has come to the Financial Advisor’s attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

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

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

The Issuer may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the excludability of interest on the Bonds from the gross income for federal income tax purposes. Bracewell LLP also may rely on this certificate for

purposes of its opinion regarding the treatment of interest on the Bonds as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

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

**STIFEL, NICOLAUS & COMPANY,
INCORPORATED**

By: _____
Name: _____
Title: _____

Signature Page to Certificate of Financial Advisor

SCHEDULE I
TO CERTIFICATE OF FINANCIAL ADVISOR

[See attached]

Schedule I to Certificate of Financial Advisor

EXHIBIT C

ISSUER'S QUALIFIED HEDGE IDENTIFICATION CERTIFICATE

[See Attached]

EXHIBIT D

BORROWER'S QUALIFIED HEDGE IDENTIFICATION CERTIFICATE

[See Attached]

EXHIBIT E
CERTIFICATE OF SWAP PROVIDER

[See Attached]

EXHIBIT F
SCHEDULE OF BOND LOAN COSTS

Paid Prior to Closing

Application Fee	\$4,800
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Paid at Closing

Issuance Fee	\$[_____]
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Issuer Administration Fee (first two years, prorated)	\$[_____]
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Issuer Compliance Fee (first year)	\$6,000
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Annual Fees

Issuer Administrative Fee (beginning June 1, 2024)	0.10% per annum of the aggregate principal amount of the Bonds outstanding
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Issuer Compliance Fee (beginning June 1, 2025)	\$25 per Unit in the Project (excluding any market rate units), paid until the end of the State Restrictive Period
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