
Loan Agreement

between

Manor Housing Public Facility Corporation,
as Issuer

and

Manor Leased Housing Associates I, Limited Partnership,
as Borrower

Relating to

Tower Road Apartments
Manor, Texas

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

Dated as of October 1, 2024

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Loan Agreement

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

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

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

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

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

Article I

Definitions

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

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

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

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

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

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

Article II

Representations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article III

Plan of Financing

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

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

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

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

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

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

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

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

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

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

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

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

(a) Costs incurred directly or indirectly for or in connection with the acquisition, construction, improvement and equipping of the Project, including costs incurred in respect of the Project for preliminary planning and studies; architectural, legal, engineering, accounting, consulting, supervisory and other services; labor, services and materials; and recording of documents and title work.

(b) Premiums attributable to any surety bonds and insurance required to be taken out and maintained during the construction period with respect to the Project.

(c) Taxes, assessments and other governmental charges in respect of the Project that may become due and payable during the construction period.

(d) Costs incurred directly or indirectly in seeking to enforce any remedy against any contractor or subcontractor in respect of any actual or claimed default under any contract relating to the Project.

(e) Subject to the limitations set forth in the Tax Exemption Agreement, Costs of Issuance of the Bonds, including, financial, legal, accounting, cash flow verification, printing and engraving fees, charges and expenses, and all other such fees, charges and expenses incurred in connection with the authorization, sale, issuance and delivery of the Bonds, including, without limitation, the fees and expenses of the Trustee properly incurred under the Indenture that may become due and payable during the construction period.

(f) Any other costs, expenses, fees and charges properly chargeable to the cost of acquisition, construction, improvement and equipping of the Project.

(g) Payment of interest on the Bonds during the construction period.

(h) Subject to reallocation for federal income tax purposes as described in the Tax Exemption Agreement, payment of interest on the Mortgage Loan.

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

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

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

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

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

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

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

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

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

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

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

Article IV

Loan Payments; Collateral Payments and Additional Payments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Article V

Additional Agreements and Covenants

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 5.4. Tax Matters.

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

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

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

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

(b) *Continuing Compliance.* The requirements stated in this Section 5.4 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 5.5. Affirmative Covenants.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Section 5.6. Negative Covenants.

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

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

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

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

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

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

Section 5.10. [Reserved].

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

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

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

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

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

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

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

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

Article VI

Prepayment and Remarketing

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

Section 6.2. Remarketing of Bonds. The Borrower is hereby granted the right to (a) give notice of a remarketing of the Bonds in the manner and to the extent set forth in the Indenture, and (b) designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in the Indenture.

Section 6.3. Borrower's Obligations Upon Tender of Bonds. If any Unredeemed Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Special Funds for the purpose of paying the redemption price of the Bonds pursuant to the Indenture, the Borrower will cause to be paid to the Trustee as set forth in the Indenture Eligible Funds equal to the amount by which the redemption price of the Bonds exceeds the amount otherwise available pursuant to the Indenture.

Section 6.4. Option to Terminate. The Borrower shall have the option to cancel or terminate this Loan Agreement at any time when the Indenture shall have been released in accordance with its provisions. Such option shall be exercised by the Authorized Borrower Representative, on behalf of the Borrower, giving the Issuer and the Trustee at least five (5) days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section 6.4 shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Article VII

Events of Default and Remedies

Section 7.1. Events of Default. Each of the following shall be an Event of Default hereunder:

- (a) The Borrower shall fail to pay any Loan Payment on or prior to the date on which that Loan Payment is due and payable to the extent amounts on deposit in the Bond Fund, including amounts credited as paid and/or transferred from the Collateral Fund and the Project Fund, are insufficient to pay the Bond Service Charges due on such date;

(b) The Borrower shall fail to observe and perform any other agreement, term or condition contained in this Loan Agreement and the continuation of such failure for a period of thirty (30) days after written notice thereof shall have been given to the Borrower by the Issuer or the Trustee, or for such longer period as the Issuer (with respect to the Reserved Rights) and the Trustee may agree to in writing; *provided*, that if the failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, that failure shall not constitute an Event of Default so long as the Borrower or the Investor Limited Partner institutes curative action within the applicable period and diligently pursues that action to completion, which must be resolved within 180 days after the aforementioned notice;

(c) The Borrower shall: (i) admit in writing its inability to pay its debts generally as they become due; (ii) have an order for relief entered in any case commenced by or against it under the federal bankruptcy laws, as now or hereafter in effect, which is not dismissed within ninety (90) days; (iii) commence a proceeding under any other federal or state bankruptcy, insolvency, reorganization or similar law, or have such a proceeding commenced against it and either have an order of insolvency or reorganization entered against it or have the proceeding remain undismitted and unstayed for ninety days; (iv) make an assignment for the benefit of creditors; or (v) have a receiver or trustee appointed for it or for the whole or any substantial part of its property which appointment is not vacated within a period of ninety (90) days;

(d) Any representation or warranty made by the Borrower herein or any statement in any report, certificate, financial statement or other instrument furnished in connection with this Loan Agreement or with the purchase of the Bonds shall at any time prove to have been false or misleading in any adverse material respect when made or given; and

(e) There shall occur an “Event of Default” as defined in the Indenture.

Notwithstanding the foregoing, if, by reason of Force Majeure, the Borrower is unable to perform or observe any agreement, term or condition hereof which would give rise to an Event of Default under subsection (b) hereof, the Borrower shall not be deemed in default during the continuance of such inability. However, the Borrower shall promptly give notice to the Trustee and the Issuer of the existence of an event of Force Majeure and shall use commercially reasonable efforts to remove the effects thereof; *provided* that the settlement of strikes or other industrial disturbances shall be entirely within its discretion.

The term Force Majeure shall mean, without limitation, the following:

(i) acts of God; strikes, lockouts or other industrial disturbances; acts of terrorism or of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or any of their departments, agencies, political subdivisions or officials, or any civil or military authority; insurrections; civil disturbances; riots; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornados; storms; droughts; floods; arrests; restraint of government and people; explosions; breakage,

malfunction or accident to facilities, machinery, transmission pipes or canals; or partial or entire failure of utilities; shortages of labor, materials, supplies or transportation; or

(ii) any cause, circumstance or event not reasonably within the control of the Borrower.

The declaration of an Event of Default under subsection (c) above, and the exercise of remedies upon any such declaration, shall be subject to any applicable limitations of federal or state bankruptcy, insolvency, reorganization or similar law affecting or precluding that declaration or exercise during the pendency of or immediately following any bankruptcy, insolvency, liquidation or reorganization proceedings.

Section 7.2. Remedies on Default. Whenever an Event of Default shall have happened and be continuing, any one or more of the following remedial steps may be taken:

(a) If acceleration of the principal amount of the Bonds has been declared pursuant to Section 6.03 of the Indenture, the Trustee shall declare all Loan Payments to be due and payable together with any other amounts payable by the Borrower under this Loan Agreement and the Note, whereupon the same shall become immediately due and payable;

(b) The Trustee may exercise any or all or any combination of the remedies specified in this Loan Agreement or any other Financing Document;

(c) The Issuer or the Trustee may have access to, inspect, examine and make copies of the books, records, accounts and financial data of the Borrower pertaining to the Project; or

(d) The Issuer (with respect to the Reserved Rights) or the Trustee may pursue all remedies now or hereafter existing at law or in equity to collect all amounts then due and thereafter to become due under this Loan Agreement, the Tax Exemption Agreement and the Tax Regulatory Agreement and the Note or to enforce the performance and observance of any other obligation or agreement of the Borrower under those instruments.

Notwithstanding the foregoing, neither the Issuer nor the Trustee shall be obligated to take any step which in its opinion will or might cause it to expend time or money or otherwise incur liability unless and until satisfactory indemnity has been furnished to the Issuer or the Trustee at no cost or expense to the Issuer or the Trustee. Any amounts collected as Loan Payments or applicable to Loan Payments and any other amounts which would be applicable to payment of Bond Service Charges collected pursuant to action taken under this Section 7.2 shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture or, if the outstanding Bonds have been paid and discharged in accordance with the provisions of the Indenture, shall be paid as provided in Section 4.14 of the Indenture for transfers of remaining amounts in the Bond Fund.

The provisions of this Section 7.2 are subject to the further limitation that the rescission by the Trustee of its declaration that all of the Bonds are immediately due and payable also shall constitute an annulment of any corresponding declaration made pursuant to paragraph (a) of this Section 7.2 and a waiver and rescission of the consequences of that declaration and of the Event of Default with respect to which that declaration has been made, *provided* that no such waiver or rescission shall extend to or affect any subsequent or other default or impair any right consequent thereon.

Notwithstanding anything in this Loan Agreement to the contrary, the Issuer shall have the right to independently enforce the Reserved Rights and shall not be required to obtain the consent of the Trustee, the Holders or any other person or entity in order to enforce any of the Reserved Rights.

Section 7.3. No Remedy Exclusive. No remedy conferred upon or reserved to the Issuer or the Trustee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note, or now or hereafter existing at law, in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair that right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article VII, it shall not be necessary to give any notice, other than any notice required by law or for which express provision is made herein.

Section 7.4. Agreement to Pay Attorneys' Fees and Expenses. If an Event of Default should occur and the Issuer or the Trustee should incur expenses, including reasonable attorneys' fees and expenses, in connection with the enforcement of this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement or the Note or the collection of sums due thereunder, the Borrower shall reimburse the Issuer and the Trustee, as applicable, for the reasonable expenses so incurred upon demand.

Section 7.5. No Waiver. No failure by the Issuer or the Trustee to insist upon the strict performance by the Borrower of any provision hereof shall constitute a waiver of their right to strict performance and no express waiver shall be deemed to apply to any other existing or subsequent right to remedy the failure by the Borrower to observe or comply with any provision hereof.

Section 7.6. Notice of Default. The Borrower shall notify the Trustee and the Issuer immediately if it becomes aware of the occurrence of any Event of Default hereunder or of any fact, condition or event which, with the giving of notice or passage of time or both, would become an Event of Default.

Section 7.7. Investor Limited Partner's Cure Rights. The Issuer hereby agrees that any cure of any Event of Default hereunder made or tendered by the Investor Limited Partner shall be

deemed to be cured by the Borrower, and shall be accepted or rejected by the Issuer on the same basis as if made or tendered by the Borrower.

Article VIII

Miscellaneous

Section 8.1. Term of Agreement. This Loan Agreement shall be and remain in full force and effect from the date of delivery of the Bonds to the Holder until such time as all of the Bonds shall have been fully paid (or provision made for such payment) pursuant to the Indenture and all other sums payable by the Borrower under this Loan Agreement and the Note shall have been paid, except for obligations of the Borrower under Sections 4.4, 5.3 and 5.4 hereof, which shall survive any termination of this Loan Agreement as provided herein.

Section 8.2. Amounts Remaining in Funds. Any amounts remaining in the Bond Fund, the Project Fund and the Collateral Fund after all of the outstanding Bonds shall be deemed to have been paid and discharged under the provisions of the Indenture and all other amounts required to be paid under this Loan Agreement, the Note and the Indenture have been paid, shall be paid as provided in Section 4.14 of the Indenture.

Section 8.3. Notices. All notices, certificates, requests or other communications hereunder shall be in writing and shall be deemed to be sufficiently given when mailed by registered or certified mail, postage prepaid, or forwarded by overnight courier service, delivery charges prepaid, and addressed to the appropriate Notice Address. A duplicate copy of each notice, certificate, request or other communication given hereunder to the Issuer, the Borrower, the Investor Limited Partner, the Lender or the Trustee shall also be given to the others. The Borrower, the Issuer, the Lender, the Investor Limited Partner and the Trustee, by notice given hereunder, may designate any further or different addresses to which subsequent notices, certificates, requests or other communications shall be sent.

Section 8.4. Certain Provisions Required by the Issuer.

(a) *Non-Liability of the Issuer.* The Issuer shall not be obligated to pay the Bond Service Charges on the Bonds or any costs incidental thereto, except from the Trust Estate. Neither the faith and credit nor the taxing power of the State, the Sponsoring Political Subdivisions or any other political subdivision thereof, nor the faith and credit of the Issuer, is pledged to the payment of the principal of, premium, if any, or interest on the Bonds or any costs incidental thereto. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Loan Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from the Borrower under this Loan Agreement, and except as may result solely from the Issuer's own willful misconduct.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds is the Trust Estate, and hereby agrees that if the payments to be made under this Loan Agreement shall ever prove insufficient to pay all principal, premium, if any, and interest on the

Bonds as the same shall become due (whether by maturity, redemption, acceleration or otherwise), then upon written notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal, premium, if any, or interest when due, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the Trustee, the Issuer or any third party, subject to any right of reimbursement from the Trustee, the Issuer or any such third party, as the case may be, therefor.

(b) *Waiver of Personal Liability.* None of the Issuer Indemnified Persons shall be individually or personally liable for the payment of any Bond Service Charges on the Bonds or any costs incidental thereto or any sum hereunder or under the Indenture or be subject to any personal liability or accountability by reason of the execution and delivery of this Loan Agreement or the Indenture except in the case of such Issuer Indemnified Person's own willful misconduct.

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

(d) *Issuer's Performance.* None of the provisions of this Loan Agreement shall require the Issuer to expend or risk its own funds or otherwise to incur financial liability in the performance of any of its duties or in the exercise of any of its rights or powers hereunder, unless payable from the Trust Estate, or unless the Issuer shall first have been adequately indemnified to its satisfaction against the cost, expense, and liability which may be incurred thereby. The Issuer shall not be under any obligation hereunder to perform any administrative service with respect to the Bonds or the Project (including, without limitation, record keeping and legal services), it being understood that such services shall be performed or provided by the Trustee or the Borrower. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions expressly contained in this Loan Agreement, the Indenture, and any and every Bond executed, authenticated and delivered under the Indenture; *provided, however,* that (i) the Issuer shall not be obligated to take any action or execute any instrument pursuant to any provision hereof until it shall have been requested to do so by the Borrower or the Trustee; and (ii) the Issuer shall have received in a timely manner the instrument to be executed, in form and substance satisfactory to the Issuer.

(e) *No Violations of Law.* Any other term or provision in this Loan Agreement to the contrary notwithstanding, in no event shall this Loan Agreement be construed as depriving the Issuer of any right or privilege or requiring it or any member, agent, employee, representative or advisor to take or omit to take or permit or suffer the taking of any action by itself or by anyone else which deprivation or requirement would violate or result in the Issuer's being in violation of the Act or any other applicable state or federal law.

(f) *Reliance.* It is expressly understood and agreed by the parties to this Loan Agreement that: Issuer may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Issuer by the Trustee, any Holder or the Borrower as to the existence of a fact or state of affairs required under this Loan Agreement to be noticed by the Issuer.

Section 8.5. Limited Liability of Borrower. Anything in this Loan Agreement to the contrary notwithstanding, the monetary obligations of the Borrower contained in this Loan Agreement (except for fees, payments and indemnification under Sections 4.4, 5.3 and 7.4 hereof) shall be limited obligations payable solely from the income and assets of the Project and neither the Borrower nor partner, manager, member, director, official or officer of the Borrower shall have any personal liability for the satisfaction of any obligation of the Borrower or claim against the Borrower, arising out of this Loan Agreement. Notwithstanding anything contained in this Loan Agreement to the contrary, neither the Issuer nor the Trustee may assert any claim arising hereunder against the Borrower's interest in the Project, any reserve or deposit made with the Lender in connection with the Mortgage Loan, or in the rents or other income of the Project for the payment of any charge or obligation due hereunder except to the extent available from then currently available "Surplus Cash" as that term is defined in the Mortgage Loan Documents.

Section 8.6. Binding Effect. This Loan Agreement shall inure to the benefit of and shall be binding in accordance with its terms upon the Issuer, the Borrower, the Trustee and their respective permitted successors and assigns *provided* that this Loan Agreement may not be assigned by the Borrower (except in connection with a sale or transfer of assets pursuant to Section 5.2 hereof) and may not be assigned by the Issuer except to the Trustee pursuant to the Indenture or as otherwise may be necessary to enforce or secure payment of Bond Service Charges. This Loan Agreement may be enforced only by the parties, their permitted assignees and others who may, by law, stand in their respective places.

Section 8.7. Amendments and Supplements. Except as otherwise expressly provided in this Loan Agreement or the Indenture, subsequent to the issuance of the Bonds and prior to all conditions provided for in the Indenture for release of the Indenture having been met, this Loan Agreement, the Tax Exemption Agreement, the Tax Regulatory Agreement and the Note may not be effectively amended, changed, modified, altered or terminated except in accordance with the provisions of Article X of the Indenture, as applicable.

Section 8.8. Execution Counterparts. This Loan Agreement may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

Section 8.9. Severability. If any provision of this Loan Agreement, or any covenant, obligation or agreement contained herein is determined by a court to be invalid or unenforceable, that determination shall not affect any other provision, covenant, obligation or agreement, each of which shall be construed and enforced as if the invalid or unenforceable portion were not contained herein. That invalidity or unenforceability shall not affect any valid and enforceable application thereof, and each such provision, covenant, obligation or agreement shall be deemed to be

effective, operative, made, entered into or taken in the manner and to the full extent permitted by law.

Section 8.10. Governing Law. This Loan Agreement shall be deemed to be a contract made under the laws of the State and for all purposes shall be governed by and construed in accordance with the laws of the State.

Section 8.11. Survival of Provisions. The provisions of this Loan Agreement and the Indenture and any other document in connection with the issuance of the Bonds to which the Issuer is a party concerning (i) the tax-exempt status of the Bonds; (ii) the interpretation of this Loan Agreement; (iii) governing law; (iv) the Issuer's right to rely on written representations of others contained herein or in any other document, regardless of whether the Issuer is a party thereto; (v) the immunity, right to indemnification and lack of pecuniary liability of the Issuer Indemnified Persons and Trustee Indemnified Persons; and (vi) any other provision of this Loan Agreement not described or enumerated above that expressly provides for its survival, shall survive and remain in full force and effect notwithstanding the payment or redemption in full, or defeasance of the Bonds, the discharge of the Indenture, the termination or expiration of this Loan Agreement and the resignation or removal of the Trustee.

[Signature Pages Follow]

In Witness Whereof, the Issuer and the Borrower have caused this Loan Agreement to be duly executed in their respective names, all as of the date hereinbefore written.

Manor Housing Public Facility Corporation

By: _____
Dr. Christopher Harvey
President

Attest:

By: _____
Lluvia Almaraz
Secretary

Manor Leased Housing Associates I, Limited
Partnership, a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas
limited liability company, its General
Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Exhibit A

Form of Note

This Note has not been registered under the Securities Act of 1933. Its transferability is restricted by the Trust Indenture and the Loan Agreement referred to herein.

[\$60,815,000]

October 1, 2024

Manor Leased Housing Associates I, Limited Partnership., a Texas limited partnership (the “*Borrower*”), for value received, promises to pay in installments to BOKF, as trustee (the “*Trustee*”) under the Indenture hereinafter referred to, the principal amount of

[Sixty Million Eight Hundred Fifteen Thousand and 00/100 Dollars (\$60,815,000)]

and to pay interest on the unpaid balance of such principal sum from and after the date hereof at the rate of []% per annum, to but not including the Mandatory Tender Date, and at the Remarketing Rate from and after the Mandatory Tender Date until the payment of such principal sum has been made or provided for. The principal amount stated above shall be paid on or before March 1, 20[]. Interest shall be calculated on the basis of a 360-day year of 12 equal months. Interest on this Note shall be paid on (a) March 1 and September 1 of each year, commencing March 1, 2025, (b) each Redemption Date, (c) each Mandatory Tender Date, and (d) the date of acceleration of the Bonds (the “*Interest Payment Dates*”). Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the hereinafter defined Indenture.

This Note has been executed and delivered by the Borrower to the Trustee, as assignee of the Issuer, pursuant to a certain Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”) and the Borrower.

Under the Loan Agreement, the Issuer has loaned the Borrower the principal proceeds received from the sale of the Issuer’s \$[60,815,000] Multifamily Housing Revenue Bonds (Tower Road Apartments), Series 2024 (the “*Bonds*”) to assist in the financing of the Project, and the Borrower has agreed to repay such loan by making payments (“*Loan Payments*”) at the times and in the amounts set forth in this Note for application to the payment of Bond Service Charges on the Bonds as and when due. The Bonds have been issued, concurrently with the execution and delivery of this Note, pursuant to, and are secured by, the Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and the Trustee.

To provide funds to pay the principal of and interest on the Bonds as and when due as specified herein, the Borrower hereby agrees to and shall make Loan Payments on each Interest Payment Date in an amount equal to the Bond Service Charges on the Bonds payable on such Interest Payment Date. In addition, to provide funds to pay the Bond Service Charges on the Bonds as and when due at any other time, the Borrower hereby agrees to and shall make Loan Payments

on any other date on which any Bond Service Charges on the Bonds shall be due and payable, whether at maturity, upon acceleration or otherwise, in an amount equal to those Bond Service Charges.

If payment or provision for payment in accordance with the Indenture is made in respect of the Bond Service Charges on the Bonds from money other than Loan Payments, this Note shall be deemed paid to the extent such payments or provision for payment of Bonds has been made. Consistent with the provisions of the immediately preceding sentence, the Borrower shall have credited against its obligation to make Loan Payments any amounts transferred from the Project Fund or the Collateral Fund to the Bond Fund. Subject to the foregoing, all Loan Payments shall be in the full amount required hereunder.

All Loan Payments shall be made to the Trustee at its designated corporate trust office for the account of the Issuer and deposited in the Bond Fund created by the Indenture.

The obligation of the Borrower to make the payments required hereunder shall be absolute and unconditional and the Borrower shall make such payments without abatement, diminution or deduction regardless of any cause or circumstances whatsoever including, without limitation, any defense, set off, recoupment or counterclaim which the Borrower may have or assert against the Issuer, the Trustee or any other Person.

This Note is subject to prepayment, in whole or in part, upon the terms and conditions set forth in Article VI of the Loan Agreement. Any prepayment is subject to satisfaction of any applicable notice, deposit or other requirements set forth in the Loan Agreement or the Indenture.

Whenever an Event of Default under Section 6.01 of the Indenture shall have occurred and, as a result thereof, the principal of and any premium on all Bonds then outstanding, and interest accrued thereon, shall have been declared to be immediately due and payable pursuant to Section 6.03 of the Indenture, the unpaid principal amount of and accrued interest on this Note shall also be due and payable on the date on which the principal of and premium and interest on the Bonds shall have been declared due and payable; *provided* that the annulment of a declaration of acceleration with respect to the Bonds shall also constitute an annulment of any corresponding declaration with respect to this Note.

The payment obligations of this Note are non-recourse to the Borrower to the extent set forth in Section 8.5 of the Loan Agreement.

The Borrower, the Trustee and the Issuer acknowledge that this Note, and all Borrower's obligations hereunder, are subject and subordinate to the Mortgage Loan Documents. In addition, (1) the indebtedness evidenced by this Note and all other documents evidencing or securing this Note (collectively, the "*Bond Loan Documents*") are and shall be subordinated in right of payment, to the prior payment in full of the indebtedness evidenced by the Mortgage Loan Documents, and (2) the Bond Loan Documents are and shall be subject and subordinate in all respects to the liens, terms, covenants and conditions of the Mortgage Loan Documents and to all advances heretofore made or which may hereafter be made.

In the event of any conflict between the provisions of (i) this Note or the Bond Loan Documents and (ii) the provisions of the Mortgage Loan Documents, the provisions of the Mortgage Loan Documents shall control.

Enforcement of the covenants in the Bond Documents will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

[Remainder of Page Intentionally Left Blank]

In Witness Whereof, the Borrower has caused this Note to be executed in its name as of the date first above written.

Manor Leased Housing Associates I, Limited
Partnership., a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas
limited liability company, its General
Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Exhibit B

Form of Disbursement Request

Statement No. _____ requesting disbursement of funds from Project Fund pursuant to Section 3.6 of the Loan Agreement

Pursuant to Section 3.6 of the Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”) and THF Little Elm Leased Housing Associates II, L.P., a Texas limited partnership (the “*Borrower*”), the undersigned Authorized Borrower Representative hereby requests and authorizes BOKF, NA, as trustee (the “*Trustee*”), as depository of the Project Fund created by the Trust Indenture dated as of October 1, 2024 (the “*Indenture*”), between the Issuer and the Trustee, to pay [to the Borrower] [to [Lender], as Lender] [or to the Person(s) listed on the Disbursement Schedule hereto] out of the money deposited in the Project Fund the aggregate sum of \$_____ to pay the costs of the items listed in the Disbursement Schedule. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Indenture and in the Tax Exemption Agreement.

In connection with the foregoing request and authorization, the undersigned hereby certifies that:

(a) Each item for which disbursement is requested hereunder is properly payable out of the Project Fund in accordance with the terms and conditions of the Loan Agreement and none of those items has formed the basis for any disbursement heretofore made from said Project Fund.

(b) Each such item is or was incurred in connection with the acquisition, construction, installation, equipment or improvement of the Project.

(c) The Borrower has received, or will concurrently with payment receive and deliver to the Trustee, appropriate waivers of any mechanics’ or other liens with respect to each item for which disbursement is requested hereunder.

(d) After taking into account the proposed disbursement,

(i) no more than 5% of the Net Proceeds of the Bonds will have been used for costs that are not Qualified Project Costs;

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

(iii) not more than 2% of the Net Proceeds of the Bonds will have been used for Costs of Issuance.

(e) There is no current or existing default or event of default pursuant to the terms of the Loan Agreement, the Tax Regulatory Agreement or the Tax Exemption Agreement and no event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

(f) There are no liens on the Project except Permitted Liens and those permitted or provided for by the Loan Agreement

(g) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warranty, protection and authority to the Trustee for its actions taken pursuant hereto.

[Remainder of Page Intentionally Left Blank]

This statement constitutes the approval of the Borrower of each disbursement hereby requested and authorized.

This ____ day of _____, 20__.

Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas limited liability company, its General Partner

By: Manor Housing Public Facility Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Approved:

Manor Housing Public Facility Corporation,
a public facility corporation

By: _____
Name: _____
Authorized Lender Representative

Disbursement Schedule

To Statement No. _____ requesting and authorizing disbursement of funds from Project Fund pursuant to Section 3.6 of the Loan Agreement

Exhibit C

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

Completion Certificate

Pursuant to Section 3.9 of the Loan Agreement dated as of October 1, 2024 (the “*Loan Agreement*”), between the Manor Housing Public Facility Corporation (the “*Issuer*”) and Manor Leased Housing Associates I, Limited Partnership, a Texas limited partnership (the “*Borrower*”), and relating to the above-captioned Bonds, the undersigned Authorized Borrower Representative hereby certifies that (with capitalized words and terms used and not defined in this Certificate having the meanings ascribed thereto in the Loan Agreement):

(a) The construction of the Project was substantially completed and available and suitable for use as multifamily housing on _____.

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

(c) The costs of the Project financed with the Loan were \$_____.

(d) At least 95% of the proceeds of the Bonds were expended for Qualified Project Costs or remain unspent and will be applied to the redemption of the Bonds.

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

[Remainder of Page Intentionally Left Blank]

In Witness Whereof, the Authorized Borrower Representative has set his or her hand as of the ____ day of _____, 20__.

Manor Leased Housing Associates I, Limited
Partnership, a Texas limited partnership

By: MHPFC TR GP 1, LLC, a Texas
limited liability company, its General
Partner

By: Manor Housing Public Facility
Corporation, its Sole Member

By: _____
Dr. Christopher Harvey
President

Exhibit D

Sources and Uses of Funds* **

Sources:

Sale Proceeds of Bonds (par of \$[] plus, a premium of \$[])	\$ _____
Total	<u>\$[_____]</u>

Uses:

Project Costs (including Reimbursed Expenditures in the amount of \$[])***)	\$ _____
Total	<u>\$ _____</u>

* Accrued interest, if any, is excluded.

** In addition, \$0 will be deposited into the Negative Arbitrage Account at Closing.

*** Includes land acquisition costs of \$[].