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Attention: _____, Esq.

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FORM OF COMPLIANCE AND SECURITY AGREEMENT

[BORROWER]

and

TEXAS STATE AFFORDABLE HOUSING CORPORATION

Relating to

[\$_____]

Texas State Affordable Housing Corporation

Multifamily Housing Revenue Bonds

(_____ Project) Series 20[___]

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COMPLIANCE AND SECURITY AGREEMENT

THIS COMPLIANCE AND SECURITY AGREEMENT (as amended, modified, or supplemented from time to time, the “**Agreement**”) is made as of the ___ day of _____, _____ by and among [BORROWER] (together with its permitted successors and assigns, the “**Borrower**”) and **Texas State Affordable Housing Corporation**, a Texas non-profit corporation (together with its successors and assigns, the “**Corporation**”).

Section 1. **The Property and Bonds.** The Borrower plans to acquire, [renovate/construct], and operate a multifamily residential rental facility located in _____, Texas all as more particularly described in Appendix A (the “**Property**”) located on the land described in Exhibit A in connection with the issuance and sale of Corporation’s Multifamily Housing Revenue Bonds (_____ Project) Series 20__ (the “**Bonds**”) issued pursuant to a Trust Indenture (the “**Indenture**), by and between the Corporation and [TRUSTEE] (the “**Trustee**”). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

Section 2. **Compliance for Qualified Project Period.** Corporation and the Borrower hereby recognize and declare their understanding and intent that the Property are to be owned, managed and operated as a “housing development”, as such term is defined in Section 2306.004(13), as amended, of the Texas Government Code, and in compliance with applicable restrictions and limitations as provided in said Chapter 2306 of the Texas Government Code, as amended and the Corporation’s 20__ Request for Proposals from Multifamily Developers for the Rehabilitation / Construction of Targeted Multifamily Housing in Texas using Tax-Exempt Bond Financing, until the expiration of the Qualified Project Period, as defined in the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of _____ among the Borrower, the Corporation and the Trustee (the “**Regulatory Agreement**”) with respect to the Property, or for so long as any portion of the Bonds remains outstanding and unpaid, whichever is later. To that end, the Borrower hereby represents, covenants and agrees:

(a) to assure that the multifamily housing facility located on the Property meets and fulfills the occupancy requirements described in the Regulatory Agreement;

(b) to obtain an Income Certification from each resident in the Property in accordance with the provisions of the Regulatory Agreement and to maintain a file of all such Resident Income Certifications, together with all supporting documentation, for a period of not less than three years following the later of the date on which no Bond remains outstanding or the end of the Qualified Project Period;

(c) to obtain from each resident in the Property, for any lease executed after the date of this Agreement, pertaining to the unit occupied by such resident, a written certification, acknowledgment and acceptance in the same form as that set forth in the Texas Department of Housing and Community Affairs’ Tax-Exempt Multi-Family Rules §39.8(b)(12), as amended, or if such form does not meet the requirements of the Corporation, at the request of Corporation in such other form provided by Corporation from time to time that (i) such lease is subordinate to the Loan Agreement and the Regulatory Agreement, (ii) all statements made in the Income Certification submitted by such resident are accurate, (iii) the family income and

eligibility requirements of the Loan Agreement and the Regulatory Agreement are substantial and material obligations of tenancy in the Property, (iv) such resident will comply promptly with all requests for information with respect to such requirements from the Borrower, Trustee, and Corporation, and (v) failure to provide accurate information in the Income Certification or refusal to comply with a request for information with respect thereto will constitute a violation of a substantial obligation of the tenancy of such resident in the Property;

(d) commencing in the year the Bonds are allocated to the Borrower, to cause to be prepared and submitted to the Corporation (or any duly authorized representative of the Corporation) upon written notice provided by the Corporation and Trustee on the first day of the Qualified Project Period, or within such extended time as is permitted under Revenue Procedure 2004-39, and thereafter by the tenth calendar day after the end of each calendar quarter, or other schedule as determined by Corporation with written notice to the Borrower, a Certificate of Continuing Program Compliance in the form attached as Exhibit __ to the Regulatory Agreement or at the request of Corporation in such other form provided by Corporation to the Borrower from time to time to meet tax-exempt bond requirements;

(e) commencing in [MONTH, YEAR] to cause to be prepared and submitted to Corporation (or any duly authorized representative of Corporation) by electronic submission on or before the 10th of each calendar month, the “Unit Status Report,” “Resident Services Report,” and any other reasonably required reports available on the Corporation’s website;

(f) to the extent legally permissible and upon advance notice to permit any duly authorized representative of Corporation or the Trustee to inspect the books and records of the Borrower pertaining to the Property or the incomes of residents of the Property, including but not limited to resident files, during business hours and to make copies therefrom if so desired and file such reports as are necessary to meet Corporation’s requirements; and

(g) to obtain an Income Certification from each resident in the Property at least annually after the resident’s initial occupancy.

Section 3. **Resident Services.** The Borrower will comply with all applicable requirements of the Act, including submitting (via the electronic filing system available on the Corporation’s website) the Fair Housing Sponsor Report to the Corporation and in the form available on the Corporation’s website at the time of submission by March 1 of each year, commencing [DATE], together with a summary of resident service programs which must be a minimum of five resident services offered at least once per quarter chosen from the TSAHC Resident Services Program Guidelines, as amended; the current Guidelines are attached hereto as **Appendix B** (the “**Program Plan**”). The Program Plan is subject to review and approval by the Corporation; however a Program Plan will be deemed approved if Corporation does not respond within 20 calendar days from date of receipt of a proposed Program Plan. The Borrower, or an entity contracted by the Borrower, will perform and provide the services set forth in the Program Plan; provided, however, the first Program Plan shall not be required to be submitted until the date of completion of the [construction/renovation] of the Property. The Borrower, or an entity contracted by the Borrower, will expend at least \$__ per unit per month to deliver such services to the residents of the Property. The Borrower may itself be the service provider or may contract with a third party for such resident services. The Borrower must maintain a dedicated budget for

the services in the approved Program Plan, and such budget should include transportation costs if the services in the Program Plan will be provided off-site and to the extent feasible, the budget should include salaries for on-site staff to provide or coordinate services.

Section 4. **Asset Oversight Agent Agreement.** The Borrower hereby agrees to enter into an asset oversight agent agreement (the “**Asset Oversight Agreement**”) with the Corporation, or an agent of the Corporation, and such agent shall conduct a review of the Borrower’s development and provide recommendations.

Section 5. **Management Agreement.** The Borrower hereby agrees that the Corporation shall have the following rights and remedies, which must be reflected in each Management Agreement [(as defined in the Indenture)] or in a consent executed by the then current Manager (as defined in the Indenture))]:

(a) the Management Agreement may be assigned to the Corporation if an Event of Default has occurred and is continuing under this Agreement;

(b) the Corporation has approved the initial Manager and shall have the authority to approve all subsequent Managers, which approval shall not be unreasonably withheld, conditioned or delayed; and

(c) the Corporation shall have the authority to remove the Managers in the event that:

(i) the Property is not maintained in a manner which complies with Section 2306.186 of the Texas Government Code, as amended, as required by Section 2306.269, as amended, of the Texas Government Code; or

(ii) if an Event of Default has occurred and is continuing under this Agreement or the Asset Oversight Agreement.

Section 6. **Replacement Reserve Fund.**

The Borrower shall conduct a physical needs assessment in accordance with the Loan Agreement and that must, at a minimum, occur during the 11th year following the Bond closing and once every five years thereafter (the “**Physical Needs Assessment**”), and submit to the Corporation, within 15 Business Days of receipt thereof, copies of the most recent Physical Needs Assessment report, any response by the Borrower to the Physical Needs Assessment, and information on any necessary adjustments to amounts held in the [Replacement Reserve Fund (as defined in the Indenture)] based on the Physical Needs Assessment.

The Borrower shall maintain the Property and make repairs as specified in the Physical Needs Assessment and shall otherwise comply with Section 2306.186(e), (f) and (g) of the Texas Government Code (the Corporation shall be considered the “department” under such statute), as amended, and follow the recommendations in the Asset Oversight Agreement. The Borrower hereby grants the Corporation, upon at least ten (10) days prior written notice, any and all rights to enter upon the Property and such right of access thereto as necessary to comply with Section

2306.186(e), (f) and (g) of the Texas Government Code, as amended, this Compliance Agreement and the Asset Oversight Agreement.

If and only if the Corporation determines in its reasonable discretion, that (i) the Property is in violation of Section 2306.186(e), (f) and (g) of the Texas Government Code, as amended; (ii) has not been improved pursuant to the recommendations in the Asset Oversight Agreement or (iii) the Borrower has not completed the repairs/replacements pursuant to the Physical Needs Assessment, the Corporation shall provide written notice to the Borrower of such violation with a list and description of each violation and the action needed to effect a remediation of the violation. The Borrower hereby agrees to cooperate with the Corporation to resolve such violations in a diligent manner. In addition to any cure period provided in Section 14, if such violations are not corrected by the Borrower after 60 days of the receipt of the violation notice by the Borrower from the Corporation, the Corporation shall, upon providing notice of its action to the Borrower, have the right to withdraw an amount from the [Replacement Reserve Fund equal to the reasonable cost to correct the violations and use such funds to make the repairs/replacements to correct such violations.

Notwithstanding anything else to the contrary contained in this Section 6, the Corporation shall not be obligated to enter upon the Property nor shall the Corporation be obligated to take action or make repairs for the purpose of enforcing this Section 6.

Section 7. **[Construction/Rehabilitation] Standards.** All units in the Property (the “**Units**”) will be [constructed/rehabilitated] in a manner that improves the energy efficiency and livability of the Units. The Property will comply with all minimum property and development standards detailed in the 2007 State of Texas Qualified Allocation Plan (20__ QAP) [Chapter 10 Texas Administrative Code [TAC] §49], as amended. These requirements do not supersede any additional federal, state or local housing standards that may be required by local development codes, or additional federal, state or local financing.

In addition to these standards, the Borrower hereby agrees (i) that the following minimum [construction/rehabilitation] will be carried out during the first 18 months (subject to force majeure) after the closing of the Bonds and (ii) that so long as any of the Bonds remain outstanding, all future maintenance, repair or replacement at the Property shall adhere to these standards:

[List Standards for Transaction].

The Borrower shall submit to the Issuer a certification by the architect or engineer for the Property that the above standards (the “[**Construction/Rehabilitation] Plan**”) have been met as of 18 months from closing on the Bonds or at the time of cost certification for the federal low income housing tax credits, whichever is sooner (subject to force majeure). The Issuer shall physically inspect the Property within 45 days of the receipt of the above certification to ensure that the [Construction/Rehabilitation] Plan has been carried out as certified.

Section 8. **Annual Compliance Audit.** The Corporation, or a third party compliance monitoring agent selected and appointed by Corporation (the “**Independent Consultant**”), will, in calendar year [YEAR] and thereafter, conduct at its own cost (other than cost of providing

information) an annual audit to verify compliance with (a) the requirements of the Regulatory Agreement, (b) the provisions of the Asset Oversight Agreement, and (c) the requirements of the Compliance Agreement. The Borrower agrees to provide any documentation or information requested either by Corporation or by the Independent Consultant related to such audit which is in the possession of the Borrower or available to the Borrower. The Corporation will deliver to the Borrower a copy of the annual compliance audit relating to the Property within ninety (90) days after completion of the annual compliance audit. It is understood that if the date of completion of the annual compliance audit occurs within the last ninety (90) days of a calendar year, then the annual audit may be delivered to Borrower in the next calendar year (but still within the 90 day time frame).

Section 9. **Corporation's Compliance/Asset Oversight Agent Fees.** For monitoring services to be performed under this Agreement, the Borrower agrees to pay Corporation an annual compliance monitoring fee (the "**Corporation Compliance Fee**") in an amount equal to \$____ for each multifamily unit in the Property plus, commencing with the payment for the second calendar year following the [Closing Date (as defined in the Indenture)], the lesser or (i) 3% per annum or (ii) the CPI Adjustment (as defined herein); provided however in no event shall the total adjustment exceed 15% of the aggregate over the first fifteen (15) years of the Agreement. For services to be performed under the Asset Oversight Agreement, so long as the Asset Oversight Agreement is in effect, the Borrower agrees to pay Corporation an annual asset oversight agent's fee (the "**Asset Oversight Agent's Fee**", collectively with the Corporation Compliance Fees, the "**Corporation Review Fees**") in the amount of \$____ for each multifamily housing unit contained in the Property plus, commencing with the payments for the second calendar year following the Closing Date, the lesser or (i) 3% per annum or (ii) the CPI Adjustment; provided however in no event shall the total adjustment exceed 15% of the aggregate over the first fifteen (15) years of the Agreement. The Corporation Review Fees shall be paid in advance to Corporation in annual installments equal to the full annual Corporation Review Fees. The Corporation Review Fees for calendar year ____ will be paid on the Closing Date. Beginning with the payment for calendar year ____, due on January 15, ____, and continuing on each January 15 thereafter, payment of the Corporation Review Fees will be paid by the Borrower directly to Corporation, not later than January 15 of each year as an operating expense of the Borrower. "**CPI Adjustment**" means an increase in the Corporation Review Fees from the prior year's fee to account for the most recently published annual percentage increase in the CPI. "**CPI**" means the Consumer Price Index - All Urban Consumers, U.S. City Average, All Items (1982-84 = 100), as published by the Bureau of Labor Statistics of the United States Department of Labor. All such CPI Adjustments and amounts owing for fees under this Section 8 shall be evidenced by an invoice from the Corporation delivered to the Borrower setting forth such amounts prior to payment being required by the Borrower. If the publication of the CPI is discontinued or published less frequently, then Corporation shall determine a substitute index published by a governmental body or nationally recognized financial institution that reasonably reflects and monitors consumer prices. In addition to the CPI Adjustments, Corporation may in its discretion adjust the Corporation Review Fees. It is acknowledged that Corporation will retain all or a portion of the Corporation Review Fees paid by Borrower, and that Corporation will pay the fees of any Independent Consultant hired by Corporation. It is agreed that the Borrower shall not be a party to any contract between Corporation and an Independent Consultant.

Section 10. **Term.** This Agreement and all and each of the provisions hereof shall become effective upon its execution and delivery, shall remain in full force and effect for the periods provided herein and, except as otherwise provided in this Section 10, shall terminate in its entirety at the end of the Qualified Project Period.

The terms of this Agreement to the contrary notwithstanding, the requirements set forth herein shall terminate, without the requirement of any consent by the Corporation, and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Agreement caused by fire, seizure, requisition, change in a federal or State law or an action of a federal agency after the Closing Date which prevents the Borrower from enforcing the provisions hereof, or foreclosure or transfer of title by deed in lieu of foreclosure or other similar involuntary transfer, condemnation or a similar event, but only if, within a reasonable period thereafter, the Bonds are retired in full. The provisions of the preceding sentence shall cease to apply and the requirements referred to therein shall be reinstated if, at any time during the Qualified Project Period, after the termination of such requirements as a result of involuntary noncompliance due to foreclosure, transfer of title by deed in lieu of foreclosure or similar event, any of the Borrower or any Related Person (as defined in the Indenture) obtains an ownership interest in the Property for federal income tax purposes and for the purposes of State law.

Notwithstanding any other provision of this Agreement, this Agreement may be terminated upon written agreement by the Corporation and the Borrower.

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

Section 11. **Covenants To Run With the Land.** The Borrower hereby subject the Property to the covenants, reservations and restrictions set forth in this Agreement. The Corporation and the Borrower hereby declare their express intent that the covenants, reservations and restrictions set forth herein shall be deemed covenants running with the land and shall pass to and be binding upon the Borrower' successors in title to the Property; provided, however, that upon the termination of this Agreement said covenants, reservations and restrictions shall expire. Each and every contract, deed or other instrument hereafter executed covering or conveying any of the Property or any portion thereof prior to the termination of this Agreement shall conclusively be held to have been executed, delivered and accepted subject to such covenants, reservations and restrictions, regardless of whether such covenants, reservations and restrictions are set forth in such contract, deed or other instrument.

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

Section 12. **Burden and Benefit.** The Corporation and the Borrower hereby declare their understanding and intent that the burden of the covenants set forth herein touch and concern

the land in that the Borrower's legal interest in the Property is rendered less valuable thereby. The Corporation and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern the land by enhancing and increasing the enjoyment and use of the Property by low-income tenants and by furthering the public purposes for which the Bonds were issued.

Section 13. **Uniformity; Common Plan.** The covenants, reservations and restrictions hereof shall apply uniformly to all the Property in order to establish and carry out a common plan for the use, development and improvement of all the Property.

Section 14. **Default; Enforcement by the Corporation.** If the Borrowers defaults in the performance or observance of any covenant, agreement or obligation of any of the Borrower set forth in this Agreement, [SUBJECT TO A REASONABLE CURE PERIOD], then the Corporation shall declare an "Event of Default" to have occurred hereunder.

Following the declaration of an Event of Default as set above, the Corporation, subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding may, at its option, take any one or more of the following steps:

(a) by mandamus or other suit, action or proceeding at law or in equity, including injunctive relief, require the Borrower to perform their obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Corporation hereunder;

(b) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Property during regular business hours following reasonable notice;

(c) pursuant to Section 5, remove the Manager and replace the Manager with a Manager reasonably acceptable to the Corporation;

(d) pursuant to Section 6, withdraw funds from the [Replacement Reserve Fund] to make repairs/replacements to the Property;

(e) pursuant to Section 15, the ex parte appointment of a receiver;

(f) pursuant to Section 16, assess reasonable penalties for non-compliance;
and

(g) take such other action at law or in equity as may appear necessary or desirable to enforce the obligations, covenants and agreements of the Borrower hereunder;

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein may be the only means by which the Corporation may obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against them in the case of any Event of Default by any of the Borrower hereunder.

All rights and remedies herein given or granted are cumulative, nonexclusive and in addition to any and all rights and remedies that the parties may have or may be given by reason of any law, statute, ordinance, document or otherwise. Notwithstanding the availability of the remedy of specific performance provided for in this Section 14, promptly upon determining that a violation of this Agreement has occurred, the Corporation shall to the extent that it has actual knowledge thereof, by notice in writing, inform the Borrower (provided that the failure to notify shall not adversely affect the Corporation's rights under this Agreement) that a violation of this Agreement has occurred.

Section 15. **Appointment of Receiver; Corporation in Possession.** As provided in Section 2306.125(b) of the Texas Government Code, as amended, if and only if all of the following shall have occurred; (i) a "Material Event of Default", defined below, has occurred and is continuing, and (ii) the Corporation has already pursued its remedies under Section 14(c) and 14(d) above and such Material Event of Default still remains, then as a matter of strict right and without notice to the Borrower, without the showing of any insolvency, fraud or mismanagement on the part of the Borrower and without the necessity of filing any judicial or other proceeding other than for the appointment of a receiver, the Corporation shall be entitled to the ex parte appointment of a receiver to take possession of, protect, control, manage and operate the Property in order to remedy the Material Event of Default with respect to such Property but for only so long as the Material Event of Default is continuing and remains uncured. The Borrower hereby irrevocably agrees, consents to, waives any notice of or defense to the appointment of a receiver for the Property owned thereby. The Borrower further agrees that, following the Extraordinary Additional Cure Period, the equitable appointment of a receiver hereunder is the only remedy available for the Corporation to ensure compliance with the terms of this Agreement and the safety and well-being of the residents of the Property owned by the Borrower who has committed a Material Event of Default. Any receiver appointed pursuant to this Agreement shall have all usual powers and duties in such matters as ordered by a court, including, without limitation, the power to take possession of, enter upon, hold, develop, rent, lease, manage, maintain, operate and otherwise use and operate the Property upon such terms and conditions as the receiver may deem to be prudent and reasonable under the circumstances in order to remedy the Material Event of Default with respect to the Property.

During an Extraordinary Cure Period, the Corporation agrees to cooperate fully with the Servicer, the Special Limited Partner, the Borrower and any Affiliates of the Borrower to rectify the Event(s) of Default in a diligent manner.

"Material Event of Default" means an Event of Default that materially adversely affects the health, welfare and/or safety of the tenants of the Property that is continuing after the Extraordinary Additional Cure Period has passed.

"Extraordinary Additional Cure Period" means a period of an additional 90 days from the cure periods provided in Section 13 that begins on the date that the Borrower, receives written notice from the Corporation that it intends to appoint a receiver as an enforcement remedy for a Material Event(s) of Default under this Agreement. If corrective action is instituted to cure such Material Event(s) of Default within this 90 day period, the Corporation agrees this Extraordinary Additional Cure Period shall last so long as, in the reasonable discretion of the Corporation, the Borrower are diligently pursuing a remedy for such Material Event(s) of

Default; provided, however in no event shall the Extraordinary Additional Cure Period last for more than 1 year from the date the Borrower receives notice as described above.

Section 16. **Assessment of Penalties by Corporation.**

Upon an Event of Default that continues after all cure periods provided in Section 14 (or if appropriate, Section 15), the Corporation may assess reasonable penalties for such non-compliance against the Borrower. All penalties assessed herein will be for the compliance action and amounts per time period as provided in Appendix C attached hereto (the “**Penalties**”); provided that these amounts and time periods may be adjusted by the Corporation from time to time in its sole, but reasonable, discretion. All Penalties assessed shall be paid by the Borrower within 30 days of receipt of a written complaint and assessment of penalties provided by Corporation to the Borrower. If any penalties remain unpaid for a period of 60 days after receipt by the Borrower of any written complaint and assessment of Penalties, additional Penalties may be assessed by the Corporation as provided in Appendix C attached hereto.

Upon the receipt of the written complaint and assessment of Penalties by the Borrower from the Corporation, the Borrower shall have 10 days to request an appearance before the Board of Directors of the Corporation (the “**Board**”) to contest the assessment of such Penalties by the Corporation by written notice to the Corporation within such 10 day period. If the Corporation receives the request for an appearance within such 10 day period, all Penalties shall be suspended until the appearance date before the Board. The Corporation shall set such appearance date for the next scheduled public meeting of the Board for which legal and adequate notice can be given. If the Board finds the assessment of Penalties was unwarranted or in violation of this Agreement, the Corporation will cancel the complaint and assessment of Penalties in dispute and no amounts shall be owed thereunder by the Borrower; provided, however, this shall not prevent the Corporation from assessing the same or similar Penalties against the Borrower for similar future Events of Default under this Agreement. If the Board determines the assessment of penalties was valid and in accordance with this Agreement, the Borrower shall pay all assessed Penalties (without additional Penalties) within 30 days of such determination.

Section 17. **Lien.**

(a) The payments due hereunder (including, but not limited to, the Corporation Review Fees, the Penalties and other amounts owed hereunder) shall be a charge on the Property and shall be a continuing lien (“**Assessment Lien**”) against the Property and shall also be the continuing obligation of the Borrower.

(b) In order to secure the payment of the sums due hereunder, the Borrower hereby grants the Assessment Lien for the benefit of the Corporation. Subject to the provisions of Section 17(f) hereof, the Assessment Lien may be foreclosed upon by non-judicial foreclosure pursuant to the provisions of Section 51.002 of the Texas Property Code (or any successor statute). The Borrower hereby grants a power of sale to the Corporation to sell the Property upon a default in the payment of any amounts owed hereunder, where such default in payment is not cured within ten (10) days after written notice of such default is given to the Borrower and to Trustee. Alternatively, the Corporation may pursue its remedies as set out in Sections 14, 15 and

16 hereof, and independent of any such remedies but subject to Section 17(f) hereof, may foreclose the Assessment Lien by judicial proceedings.

(c) The President or any Vice President of the Corporation or his or her designee is hereby appointed Trustee to exercise the Corporation's power of sale (subject to Paragraph 17(f) hereof). The Trustee will not incur any personal liability hereunder except for gross negligence or willful misconduct.

(d) Although no further action is required to create or perfect the Assessment Lien, the Corporation may, as further evidence of the Assessment Lien, give notice of the Assessment Lien by executing and recording a document setting forth the amount of the delinquent sums due at the time such document is executed (a copy of any such document shall be provided to the Trustee) and the fact that a lien exists to secure the payment hereof. Failure of the Corporation to execute and record any such document will not, to any extent, affect the validity, enforceability or priority of the Assessment Lien. The Corporation hereby agrees to provide the Trustee with copies of any and all notices given to the Borrower under this Agreement. The Corporation shall, at the request of the Trustee, deliver to the Trustee, as appropriate, an accounting of all amounts owing by the Borrower to the Corporation hereunder, on which accounting the Trustee may conclusively rely for all purposes of this Agreement.

(e) At any foreclosure proceeding of the Assessment Lien, any person or entity, including, but not limited to the Corporation, shall have the right to bid for the Property at the foreclosure sale and to acquire ownership of the same. From the proceeds of the foreclosure sale, (1) all expenses incurred by the Corporation in connection with the default, including attorneys' fees and trustee's fees will be paid first; (2) second, the Corporation will be paid an amount equal to the amount in default; (3) third, the remaining balance, if any, shall be paid to the Borrower.

(f) Notwithstanding anything to the contrary contained herein, the Assessment Lien shall be and remain subordinate to the liens of any deed of trust related to the Bonds or the Property that are recorded or assigned on the date this Agreement is recorded (the "**Deeds of Trust**"), and the Corporation agrees that (i) during the compliance period related to the federal low income housing tax credits provided for any of the Property or (ii) so long as any principal, premium, if any, and interest on the Bonds remains unpaid, the Corporation will not exercise its rights to foreclosure of the Assessment Lien by power of sale, judicial proceedings or conveyance in lieu of foreclosure as to the Property. For the avoidance of doubt, the Corporation agrees that upon a foreclosure, or deed in lieu of foreclosure, under any of the Deeds of Trust, any Assessment Lien then existing as to the Property (and the sums due pursuant to such Assessment Lien) will be extinguished and no longer of any force or effect; provided, however, if any foreclosure, or any proceeding for deed in lieu of foreclosure, is commenced by or on behalf of an Affiliate of the Borrower, the Assessment Lien shall not be extinguished thereby and shall remain as a subordinate lien against the Property.

Section 18. **Cure by Tax Credit Investor.** The Corporation hereby agrees that cure of any Event of Default made or tendered by the [Name of Limited Partner/Investor Member of Borrower] shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 19. **Consideration.** The Corporation has issued the Bonds to provide funds to finance the Property, all for the purpose, among others, of inducing the Borrower to acquire, [construct/rehabilitate], equip and operate the Property. In consideration of the issuance of the Bonds by the Corporation, the Borrower have entered into this Agreement and have agreed to restrict the uses to which these Property can be put on the terms and conditions set forth herein.

Section 20. **Recording and Filing.** The Borrower shall cause this Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of the Texas county in which its Property is located and in such other places as the Corporation may reasonably request. A file-stamped copy of this Agreement and all amendments and supplements thereto shall be delivered to the Corporation. The Borrower shall pay all fees and charges incurred in connection with any such recording. This Agreement is subject to and subordinate to all matters of record as of the date hereof.

Section 21. **Reimbursement of Expenses.** Notwithstanding any prepayment of the Bonds and notwithstanding a discharge of the Indenture, throughout the terms of this Agreement, during the occurrence of any Event of Default, the Borrower shall continue to pay to the Corporation all fees and reimbursement for all expenses (including reasonable attorney fees) actually incurred thereby required to be paid to the Corporation by the Borrower pursuant to this Agreement, including all costs related to the enforcement hereof.

Section 22. **Notices.** No notice or other communication shall be deemed given unless sent in any of the manners, and to the persons, specified in this Section 22. All notices and other communications hereunder shall be in writing and shall be deemed given (a) upon receipt if delivered personally (unless subject to clause (b)) or if mail by registered or certified mail, (b) at noon on the date after dispatch if sent by overnight courier or (c) upon the completion of transmission (which is confirmed by telephone or by a statement generated by the transmitting machine) if transmitted by telecopy or other means of facsimile which provides immediate or near immediate transmission to compatible equipment in the possession of the recipient, in any case to the parties at the following addresses or telecopy numbers (or at such other address or telecopy number for a party specified by like notice):

If to Corporation:

Texas State Affordable Housing Corporation
Attention: Multifamily Programs
1005 Congress Avenue, Suite 500
Austin, Texas 78701
Fax: (512) 477-3555

If to Borrower:

Attention: _____

Fax: _____

Section 23. **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

Section 24. **Successors and Assigns.** This Agreement shall be binding upon the parties hereto and their respective agents, designees, representatives, heirs, administrators, executors, successors and assigns. This Agreement, and the rights of Corporation hereunder, may be assigned by Corporation. Corporation will not be required to obtain an opinion of nationally recognized bond counsel in connection with an assignment. Neither this Agreement nor the rights or obligations of the Borrower may be assigned by the Borrower without Corporation's prior written consent.

Section 25. **Severability of Provisions.** Each provision of this Agreement shall be considered severable and if for any reason any provision which is not essential to the effectuation of the basic purposes of this Agreement is determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those provisions of this Agreement which are valid.

Section 26. **Amendment.** This Agreement may be amended only by written agreement of all parties hereto.

Section 27. **Indemnification of Corporation.** BORROWER HEREBY AGREES TO PROTECT, INDEMNIFY AND SAVE CORPORATION (AS PRINCIPAL UNDER THIS AGREEMENT, AND AS CORPORATION), ANY INDEPENDENT CONSULTANT, AND ITS RESPECTIVE BOARD MEMBERS, OFFICERS, AGENTS AND EMPLOYEES (THE "INDEMNIFIED PARTIES") HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING REASONABLE ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM (COLLECTIVELY, "CLAIMS"), BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM CORPORATION'S EXERCISE OF ITS RIGHTS HEREUNDER AND/OR CORPORATION'S AND/OR ANY INDEMNIFIED PARTY'S PERFORMANCE OF ITS DUTIES HEREUNDER OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROPERTY OR THE FINANCING OF THE PROPERTY; HOWEVER, THE BORROWER SHALL NOT BE LIABLE FOR OR OBLIGATED TO HOLD THE INDEMNIFIED PARTIES HARMLESS AGAINST, ANY CLAIM OR INJURY OR DEATH WHICH RESULTS FROM THE WILLFUL MISCONDUCT, BAD FAITH OR FRAUD OF CORPORATION. UPON WRITTEN NOTICE FROM ANY INDEMNIFIED PARTY, BORROWER SHALL DEFEND THE INDEMNIFIED PARTY IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE EXCEPT WHEN RESULTING FROM WILLFUL MISCONDUCT, BAD FAITH OR FRAUD AS HEREINABOVE DESCRIBED, AND SHALL PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO THE INDEMNIFIED PARTIES; PROVIDED, HOWEVER, THAT ANY INDEMNIFIED PARTY MAY ELECT, IN THE EVENT OF A CONFLICT OF INTEREST AMONG THE INDEMNIFIED PARTIES WHICH IN THE REASONABLE JUDGMENT OF CORPORATION'S COUNSEL WILL INTERFERE WITH THE EFFECTIVE DEFENSE OF ANY ACTION, TO RETAIN ITS OWN COUNSEL AND PROSECUTE THE DEFENSE OF ANY ACTION, WHICH EVENT BORROWER SHALL PAY ALL REASONABLE ATTORNEYS FEES AND REASONABLE

EXPENSES OF SUCH DEFENSE, AND NO EVENT SHALL SUCH DEFENSE BY AN INDEMNIFIED PARTY REDUCE, LIMIT, OR IMPAIR BORROWER'S INDEMNIFICATION OF SUCH INDEMNIFIED PARTY HEREUNDER.

Section 28. **Headings.** All headings and subheadings used in this Agreement are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

Section 29. **Counterparts.** This Agreement may be executed in one or more counterparts and each of such counterparts shall be deemed to be an original for all purposes, and all of such counterparts shall together constitute one and the same document.

IN WITNESS WHEREOF, the parties hereto have affixed or caused to be affixed their respective signatures effective as of the day first written above.

ISSUER:

Texas State Affordable Housing Corporation

By: _____

Name:

Title:

BORROWER:

[Name of Borrower]

By: _____

Name:

Title:

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ___ day of _____, 20__ by _____, _____ of Texas State Affordable Housing Corporation.

Notary Public in and for the State of Texas

(SEAL)

STATE OF TEXAS §
 §
COUNTY OF _____ §

This instrument was acknowledged before me on the ___ day of _____, 20__, by
_____ of _____ the _____ of _____, on behalf of said limited
_____.

Notary Public in and for the State of Texas

(SEAL)

APPENDIX A

DESCRIPTION OF PROJECT

APPENDIX B

LIST OF RESIDENT SERVICES

APPENDIX C
SCHEDULE OF PENALTIES

EXHIBIT A
LEGAL DESCRIPTION