

Tab 5

Presentation, Discussion and Possible Approval of a Resolution authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and 2025A-2, a Funding Loan Agreement, a Borrower Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the notes; and other provisions in connection therewith.

Bond/Note documents relating to the proposed:

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and 2025A-2

presented to the Board of Directors of Texas State Affordable Housing Corporation
(December 2024 board meeting)

Document
Number:

1. Note Resolution authorizing the issuance of the notes and approving the substantially final note documents (as listed below)
2. Funding Loan Agreement
3. Borrower Loan Agreement
4. Asset Oversight, Compliance and Security Agreement
5. Regulatory Agreement and Declaration of Restrictive Covenants

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and 2025A-2

**Document No. 1:
Note Resolution**

RESOLUTION NO. 24-___

TEXAS STATE AFFORDABLE HOUSING CORPORATION

RESOLUTION authorizing the issuance of Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and 2025A-2, a Funding Loan Agreement, a Borrower Loan Agreement, an Asset Oversight, Compliance and Security Agreement and a Regulatory Agreement; authorizing the execution of documents and instruments necessary or convenient to carry out the issuance of the notes; and other provisions in connection therewith

WHEREAS, Texas State Affordable Housing Corporation (the “Governmental Lender”) has been duly created and organized pursuant to and in accordance with the provisions of the Texas Non-Profit Corporation Act, Article 1396-1.01 et seq. Vernon’s Annotated Texas Civil Statutes, as amended and under the authority of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), for the public purpose, among other things, of promoting the public health, safety and welfare through the provision of adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income; and

WHEREAS, the Act authorizes the Governmental Lender to (a) make mortgage loans to provide financing for multifamily residential rental housing in the State of Texas (the “State”) intended to be occupied by persons and families of low, very low and extremely low income; (b) issue bonds or other obligations, including notes, to accomplish its public purpose, for the purpose, among others, of obtaining funds to make loans for multifamily developments, to establish any necessary reserve funds and to pay administrative and other costs incurred in connection with the issuance of such obligations; (c) pledge all or any part of the revenues, receipts or resources of the Governmental Lender, including the revenues and receipts to be received by the Governmental Lender from such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Governmental Lender in order to secure the payment of the principal or prepayment price of and interest on such obligations; and (d) make, enter into, and enforce contracts, agreements, leases, indentures, mortgages, deeds, deeds of trust, security agreements, pledge agreements, credit agreements and other instruments with any person on terms the Governmental Lender determines to be acceptable; and

WHEREAS, the Governmental Lender has determined to provide a loan to Cairn Point Montopolis, LP, a Texas limited partnership (the “Borrower”), for the purpose of acquiring, improving, constructing and equipping a multifamily residential rental housing project to be located in the City of Austin, Texas and to be known as Cairn Point Montopolis (the “Project”) to be rented to persons of low income and paying certain costs of issuance of the notes, as evidenced by that certain Borrower Loan Agreement (the “Borrower Loan Agreement”) by and between the Governmental Lender and the Borrower, and in connection therewith the Borrower has agreed to assume certain of the obligations set forth in the Regulatory Agreement and Declaration of Restrictive Covenants (the “Regulatory Agreement”) by and among the Governmental Lender, UMB Bank, N.A. (the “Fiscal Agent”) and the Borrower; and

WHEREAS, the Governmental Lender now proposes to issue its notes styled “Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025A-1” and “Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025A-2” (collectively, the

“Notes”) pursuant to this Resolution and a Funding Loan Agreement (the “Funding Loan Agreement”) among the Governmental Lender, Citibank, N.A. (the “Funding Lender”) and the Fiscal Agent; and

WHEREAS, the Governmental Lender further proposes to sell the Notes, upon the issuance thereof, to the Funding Lender; and

WHEREAS, all capitalized terms not otherwise defined herein shall have the same meaning ascribed to them in the Funding Loan Agreement unless the context in which they appear requires otherwise; and

WHEREAS, there have been presented to the Governmental Lender proposed forms of each of the following:

1. the Funding Loan Agreement;
2. the Borrower Loan Agreement;
3. the Asset Oversight, Compliance and Security Agreement (the “Asset Oversight and Compliance Agreement”), by and between the Borrower and the Governmental Lender; and
4. the Regulatory Agreement.

WHEREAS, the Governmental Lender finds the form and substance of the above-listed documents (hereinafter, collectively the “Note Documents”) to be satisfactory and proper and finds the recitals with regard to the Governmental Lender contained therein to be true, correct and complete and hereby determines to proceed with the issuance and sale of the Notes, the execution of such documents and the taking of such other actions as may be necessary and appropriate in connection therewith; and now

THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE TEXAS STATE AFFORDABLE HOUSING CORPORATION THAT:

Section 1: Based solely upon the representations made to the Board of Directors (the “Board”) by the Borrower, it appears and the Board hereby finds that the issuance of the Notes and the making of the various contractual commitments, as provided herein, will provide a means of financing the Project within the State that accomplishes the public purpose of providing adequate, safe and sanitary housing primarily for individuals and families of low, very low and extremely low income.

Section 2: The issuance of the Notes in one or more series and in the aggregate maximum principal amount of not to exceed \$23,500,000, is hereby authorized and approved. The Notes shall mature, bear interest at the rate or rates and shall be subject to the redemption or prepayment features as specified in the Funding Loan Agreement. The Board hereby approves the Funding Loan Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender is authorized and directed, for and on behalf of the Governmental Lender, to execute the Funding Loan Agreement and such officers are hereby authorized to deliver the Funding Loan

Agreement. Upon execution by the parties thereto and delivery thereof, the Funding Loan Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 3: The Board hereby approves the Borrower Loan Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender is hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Borrower Loan Agreement, and such officers are hereby authorized to deliver the Borrower Loan Agreement. Upon execution by the parties thereto and delivery thereof, the Borrower Loan Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 4: The Board hereby approves the Asset Oversight and Compliance Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender are each hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Asset Oversight and Compliance Agreement, and such officers are hereby authorized to deliver the Asset Oversight and Compliance Agreement. Upon execution by the parties thereto and delivery thereof, the Asset Oversight and Compliance Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 5: The Board hereby approves the Regulatory Agreement in substantially the form and substance presented to the Board with such changes or additions thereto as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender (upon advice of bond counsel to the Governmental Lender), as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender are each hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Regulatory Agreement, and such officers are hereby authorized to deliver the Regulatory Agreement. Upon execution by the parties thereto and delivery thereof, the Regulatory Agreement shall be binding upon the Governmental Lender in accordance with the terms and provisions thereof.

Section 6: The Board hereby approves the Notes in substantially the forms and substance set forth in the Funding Loan Agreement as presented to the Board with such changes or additions as may be approved by the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender, as evidenced by their execution and delivery thereof and the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender are hereby authorized and directed, for and on behalf of the Governmental Lender, to execute the Notes or have their facsimile signatures placed upon the Notes, and the Chief Financial Officer and Treasurer, Secretary or any Assistant Secretary, by manual or facsimile signature, are hereby authorized and directed to attest the signature of the Chairperson, Vice Chairperson, President or Executive Vice President, and any of such officers is hereby authorized and directed to deliver the Notes.

Section 7: The Board hereby approves the sale of the Notes to the Initial Purchaser in accordance with the terms and conditions specified in the Funding Loan Agreement approved herein.

Section 8: UMB Bank, N.A. is hereby appointed as Fiscal Agent and paying agent under the terms of the Funding Loan Agreement for the Notes. If said bank shall be unable or unwilling to so serve, the Chairperson, Vice Chairperson, President or Executive Vice President of the Governmental Lender is hereby authorized and directed to designate a commercial bank or other entity with trust powers acceptable to it to serve as Fiscal Agent and paying agent.

Section 9: The Chairperson, Vice Chairperson, President and Executive Vice President of the Governmental Lender, either individually or jointly, are hereby authorized to approve any different date or date, designation or title by which the Notes shall be known, the principal amount or amounts and maturity date or dates of the Notes to be issued pursuant to this Resolution, to establish the interest rate or rates to be borne by the Notes, provided, however, that the interest rate or rates shall never exceed 15% per annum. The Chairperson, Vice Chairperson, President and Executive Vice President of the Governmental Lender, either individually or jointly, are further authorized to engage the services of consultants that may be needed, in the opinion of such officer, to fully complete the issuance and delivery of the Notes.

Section 10: The officers of the Governmental Lender are each hereby authorized to execute and deliver to the Fiscal Agent the written order of the Governmental Lender for the authentication and delivery of the Notes by the Fiscal Agent in accordance with the Funding Loan Agreement.

Section 11: All action (not inconsistent with provisions of this Resolution) heretofore taken by the Board and officers of the Governmental Lender directed toward the financing of the Project and the issuance of the Notes shall be and the same hereby is ratified, approved, and confirmed.

Section 12: The officers of the Governmental Lender shall take all action in conformity with the Act necessary or reasonably required to effectuate the issuance of the Notes and take all action necessary or desirable in conformity with the Act to finance the Project and for carrying out, giving effect to, and consummating the transactions described in the Notes, this Resolution, the Note Documents, and any other instruments authorized by this Resolution or required to effect the transactions contemplated hereby, including without limitation, the execution and delivery of any certificates, agreements or documents in addition to those specifically referenced herein which are associated with the issuance of the Notes.

Section 13: The President or the Executive Vice President of the Governmental Lender is authorized to approve such changes to the documents specifically referenced in this Resolution and to make any changes or enter into any supplements or amendments that may be required following the closing of the Notes for a period of up to one year, as well as the certificates, agreements and documents authorized in Section 12 hereof, as they deem necessary or appropriate. The execution and delivery of such documents by either of such officers shall constitute conclusive evidence of such approval.

Section 14: If any section, paragraph, clause, or provision of this Resolution shall be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause or provision shall not affect any of the remaining provisions of this Resolution. In case any obligation of the Governmental Lender authorized or established by this Resolution or the Notes

is held to be in violation of law as applied to any person or in any circumstance, such obligation shall be deemed to be the obligation of the Governmental Lender to the fullest extent permitted by law.

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PASSED, APPROVED AND EFFECTIVE this December 17, 2024.

TEXAS STATE AFFORDABLE HOUSING
CORPORATION

President

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and 2025A-2

**Document No. 2:
Funding Loan Agreement**

FUNDING LOAN AGREEMENT

Among

**CITIBANK, N.A.,
as Funding Lender,**

**TEXAS STATE AFFORDABLE HOUSING CORPORATION,
as Governmental Lender,**

and

**REGIONS BANK,
as Fiscal Agent**

Dated as of February 1, 2025

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and Series 2025A-2

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Exhibit C - Form of Written Requisition (Project Fund)

Exhibit D - Form of Closing Costs Requisition

FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of February 1, 2025 (this "**Funding Loan Agreement**"), is entered into by **CITIBANK, N.A.** (together with any successors and assigns hereunder, the "**Funding Lender**"), **TEXAS STATE AFFORDABLE HOUSING CORPORATION**, a public nonprofit corporation organized and existing under the laws of the State of Texas (together with its successors and assigns, the "**Governmental Lender**"), and **REGIONS BANK**, a banking corporation organized and existing under the laws of the State of Alabama, as fiscal agent (together with any successor fiscal agent hereunder, the "**Fiscal Agent**").

RECITALS

WHEREAS, the Governmental Lender has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "**Act**"); and

WHEREAS, pursuant to the Act, the Governmental Lender is authorized to issue bonds or notes and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental property for dwelling units; and

WHEREAS, Cairn Point Montopolis, LP, a Texas limited partnership (the "**Borrower**"), has requested the Governmental Lender to enter into this Funding Loan Agreement under which (i) the Funding Lender has agreed and will purchase the Governmental Lender Notes (as defined herein) at par, and (ii) the Governmental Lender will apply the proceeds of the Governmental Lender Notes to make a loan (the "**Borrower Loan**") to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing development to be located in the City of Austin, Travis County, Texas, and to be known as Cairn Point Montopolis Apartments; and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the "**Borrower Loan Agreement**"), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount, which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Governmental Lender Notes and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Notes (as defined herein) and the obligations of the Borrower under the Borrower Notes will be secured by a lien on and security interest in the Project pursuant to a Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) of even date herewith (the "**Security Instrument**"), made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent, to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, in order to assure compliance with Sections 103 and 142 through 150, inclusive, of the Code, the Governmental Lender, the Fiscal Agent and the Borrower have executed the Tax Certificates (as defined herein) and the Governmental Lender, the Fiscal Agent and the

Borrower have entered into the Regulatory Agreement (as defined herein), each of which sets forth various certifications, representations, and covenants relating to the tax-exempt status of the Governmental Lender Notes; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender the Governmental Lender Notes evidencing its obligation to make the payments due to the Funding Lender as provided in this Funding Loan Agreement, all things necessary to make the Governmental Lender Notes the legal, valid, and binding limited obligations of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

It is hereby covenanted and declared that (i) the Governmental Lender Notes are to be delivered to evidence the payment obligations of the Governmental Lender pursuant to this Funding Loan Agreement and (ii) the Collateral (as defined in the Borrower Loan Agreement) subject to this Funding Loan Agreement is to be held and applied by the Fiscal Agent, subject to the covenants, conditions and trusts hereinafter set forth, and the Governmental Lender does hereby covenant and agree to and with the Fiscal Agent, for the benefit (except as otherwise expressly provided herein) of the Funding Lender, as follows:

ARTICLE I DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Definitions. For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement or the Regulatory Agreement.

(b) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(e) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Governmental Lender Notes as "tax-exempt" or to the "tax-exempt status" of the Governmental Lender Notes are to treatment of interest on the Governmental Lender Notes as excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, except with respect to interest on a Governmental Lender Note for any period during which it is held by a Person who is a "substantial user" of the Project or a "related person" to such a "substantial user," each within the meaning of Section 147(a) of the Code.

(h) The following terms have the meanings set forth below:

"Additional Borrower Payments" shall have the meaning given such term in the Borrower Loan Agreement.

"Affiliate" shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

"Approved Transferee" means (1) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (2) an affiliate of the Funding Lender, or (3) a trust or custodial arrangement established by the Funding Lender or one of its affiliates or any state or local government or any agency or entity which is a political subdivision of a federal, state or local government (a "Governmental Entity"), in each case (i) the beneficial interests in which will be owned only by QIBs or (ii) the beneficial interests in which will be rated in the "BBB" category or higher without regard to modifier (or the equivalent investment grade category) by at least one nationally recognized rating agency, or (4) a Governmental Entity.

"Asset Oversight Agent" means the Asset Oversight Agent selected by the Governmental Lender, initially the Texas State Affordable Housing Corporation.

"Asset Oversight and Compliance Agreement" means the Asset Oversight, Compliance and Security Agreement, dated as of February 1, 2025, between the Borrower and the Asset Oversight Agent, as the same may be amended, modified or supplemented from time to time.

"Authorized Amount" shall mean, with respect to the Series A-1 Governmental Lender Note, \$[_____], and with respect to the Series A-2 Governmental Lender Note, \$[_____].

"Authorized Representative" shall mean with respect to (i) the Governmental Lender, the Chairperson or Vice Chairperson of its board of directors, or its President or Executive Vice President; (ii) the Borrower, the "Authorized Borrower Representative," as defined in the Borrower Loan Agreement; and (iii) the Funding Lender, an authorized signatory or a Vice President of the Funding Lender, or, in each case, such other person at any time designated by the Governmental Lender, the Borrower or the Funding Lender to act on behalf of the Governmental Lender, the Borrower or the Funding Lender, as the case may be, as evidenced by a written certificate delivered to the Fiscal Agent containing the specimen signature of such person and signed by one of the above titled officers. Such certificate may designate an alternate or alternates, each of whom shall

be entitled to perform all duties and exercise all powers of an Authorized Representative. The Fiscal Agent may conclusively presume that a person designated in a written certificate filed with it as an Authorized Representative is an Authorized Representative until such time as the Governmental Lender, the Borrower and/or the Funding Lender, as the case may be, file with it a written certificate revoking such person's authority to act in such capacity.

"Bond Counsel" shall mean any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of state and local governmental units from gross income for federal income tax purposes, and initially shall mean Norton Rose Fulbright US LLP.

"Bond Counsel Approving Opinion" shall mean an opinion of Bond Counsel substantially to the effect that the Governmental Lender Notes constitute valid and binding obligations of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Governmental Lender Notes is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

"Bond Counsel No Adverse Effect Opinion" shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Governmental Lender Notes under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon original issuance of the Governmental Lender Notes or other customary exceptions acceptable to the recipient thereof).

"Borrower" shall mean Cairn Point Montopolis, LP, a Texas limited partnership.

"Borrower Equity Account" shall mean the Borrower Equity Account of the Project Fund established under Section 7.3.

"Borrower Loan" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

"Borrower Loan Agreement" shall mean the Borrower Loan Agreement, of even date herewith, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

"Borrower Loan Agreement Default" shall mean any "event of default" as defined and set forth in Section 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall "exist" if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable notice, grace or cure period.

"Borrower Loan Amount" shall mean the amount of \$[23,500,000].

"Borrower Loan Documents" shall have the meaning given such term in the Borrower Loan Agreement.

"**Borrower Notes**" shall mean the Series A-1 Borrower Note and the Series A-2 Borrower Note.

"**Borrower's Tax Letter of Representation**" shall mean the Borrower's Tax Letter of Representation executed by the Borrower and delivered on the Closing Date.

"**Business Day**" shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or in the location of the Corporate Trust Office or Operations Office are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"**City**" shall mean City of Austin, Texas.

"**Closing Costs Fund**" shall mean the fund of that name established under Section 7.3(d) hereof.

"**Closing Date**" shall mean February _____, 2025, the date when the Governmental Lender Note proceeds are funded hereunder.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended and in force and effect on the date hereof.

"**Comptroller**" shall mean the Comptroller of Public Accounts of the State of Texas.

"**Computation Date**" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"**Conditions to Conversion**" shall have the meaning given such term in the Construction Funding Agreement.

"**Construction Funding Agreement**" means that certain Construction Funding Agreement of even date herewith, between the Funding Lender and Borrower, pursuant to which the Borrower Loan will be advanced by the Fiscal Agent on behalf of the Governmental Lender, to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"**Control**" shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

"**Conversion**" shall have the meaning given such term in the Borrower Loan Agreement.

"**Conversion Date**" shall have the meaning given such term in the Borrower Loan Agreement.

"**Corporate Trust Office**" means the office of the Fiscal Agent at _____, _____, _____.

"Costs of Issuance" shall mean the first year's Governmental Lender Administrative Fee, the first year's Governmental Lender Compliance Fee, the Governmental Lender Closing Fee and the fees, costs, expenses and other charges incurred in connection with the funding of the Borrower Loan and the Funding Loan, the negotiation and preparation of this Agreement and each of the other Borrower Loan Documents and Funding Loan Documents and shall include, but shall not be limited to, the following: (i) counsel fees (including but not limited to counsel to the Governmental Lender, Bond Counsel, Borrower's counsel, and Funding Lender's counsel); (ii) financial advisor fees incurred in connection with the closing of the Borrower Loan and the Funding Loan; (iii) certifying and authenticating agent fees and expenses related to funding of the Funding Loan; (iv) any recording fees; (v) any additional fees charged by the Governmental Lender; and (vi) costs incurred in connection with the required public notice generally and costs of the public hearing

"Event of Default" shall have the meaning ascribed thereto in Section 9.1 hereof.

"Fiscal Agent" shall mean Regions Bank, a banking corporation organized and existing under the laws of the State of Alabama, as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

"Fiscal Agent's Fees" shall mean the ongoing compensation and expenses payable to the Fiscal Agent as follows:

(a) an acceptance fee of \$_____ and the annual administration fees of the Fiscal Agent, for the ordinary services of the Fiscal Agent rendered under this Funding Loan Agreement during each twelve-month period and shall be equal to an annual minimum fee of \$_____, payable annually in advance on the Closing Date and thereafter on each January 1, commencing January 1, 2026 until the Governmental Lender Note is paid in full;

(b) the reasonable fees and charges of the Fiscal Agent for necessary extraordinary services rendered by it and/or reimbursement for extraordinary expenses incurred by it under this Funding Loan Agreement as and when the same become due, including reasonable fees and expenses of legal counsel and internal default administrators (including fees prior to litigation, at trial or for appellate proceedings); provided, however, that the Fiscal Agent shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Fiscal Agent shall have been made; and

(c) for purposes of the Borrower Loan Agreement, indemnification of the Fiscal Agent by the Borrower as more particularly set forth in the Borrower Loan Agreement.

"Funding Lender" shall mean Citibank, N.A., a national banking association, and any successor under this Funding Loan Agreement and the Borrower Loan Documents.

"Funding Loan" shall mean the funds advanced by the Funding Lender to or for the account of the Governmental Lender and applied by the Governmental Lender to make the Borrower Loan.

"Funding Loan Agreement" shall mean this Funding Loan Agreement of even date herewith, by and among the Funding Lender, the Governmental Lender and the Fiscal Agent, as it may from time to time be supplemented, modified or amended by one or more funding loan agreements, amendments or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

"Funding Loan Documents" shall mean (i) this Funding Loan Agreement, (ii) the Borrower Loan Agreement, (iii) the Regulatory Agreement, (iv) the Borrower Loan Documents, (v) all other documents evidencing, securing, governing or otherwise pertaining to the Governmental Lender Notes, and (vi) all amendments, modifications, renewals and substitutions of any of the foregoing.

"Governmental Lender" shall mean the Texas State Affordable Housing Corporation, a public nonprofit corporation, organized and existing under the laws of the State of Texas.

"Governmental Lender Closing Costs" shall mean the fees, costs and expenses incurred in connection with the issuance of the Governmental Lender Notes.

"Governmental Lender Counsel" shall mean counsel to the Governmental Lender, and initially shall mean Norton Rose Fulbright US LLP.

"Governmental Lender Fee" shall mean collectively, the Governmental Lender Administrative Fee, the Governmental Lender Closing Fee and the Governmental Lender Compliance Fee.

"Governmental Lender Administrative Fee" means, until the end of the Qualified Project Period, or the final maturity of the Notes, whichever is later, an annual fee paid by the Borrower, with such Governmental Lender Administrative Fee being remitted through the Fiscal Agent to the Governmental Lender, equal to 0.10% of the aggregate principal amount of the Notes outstanding, with a minimum annual fee of \$5,000. The first annual payment of the Governmental Lender Administrative Fee must be paid on the Closing Date. All future annual payments will be due on or before March 10th starting in 2026.

"Governmental Lender Closing Fee" means the one-time fee in the amount equal to 0.15% (15 basis points) of the principal amount of the Notes on the Closing Date, with a minimum of \$20,000. The Governmental Lender Closing Fee is due to the Governmental Lender on the Closing Date.

"Governmental Lender Compliance Fee" means the fee payable for monitoring services provided by the Governmental Lender for the term of the Qualified Project Period, being an annual fee in an amount equal to the greater of \$45 per unit or \$2,500 for each property included in the Project to be paid, remitted through the Fiscal Agent to the Governmental Lender, in advance at the beginning of each calendar year, on or before March 10th. The first year's Governmental Lender Compliance Fee shall be paid on the Closing Date. The second year's Governmental Lender Compliance Fee will begin in calendar year 2026. Beginning with the third annual payment, the Governmental Lender Compliance Fee shall increase by 2% per annum, with a maximum increase of 20% or ten annual increases.

"Governmental Lender Notes" shall mean, collectively, the Series A-1 Governmental Lender Note and the Series A-2 Governmental Lender Note, the forms of which are contained in Exhibit A-1 and Exhibit A-2 to this Funding Loan Agreement.

"Governmental Lender's Certificate as to Tax Exemption" shall mean the Certificate as to Tax Exemption executed by the Governmental Lender and delivered on the Closing Date.

"Gross Proceeds" means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds, as defined in Section 1.148-1(c) of the Regulations, of the Governmental Lender Notes.

"Highest Rating Category" shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is "A 1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG 1" (for fixed rate) or "VMIG 1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (i) both S&P and Moody's rate a Permitted Investment and (ii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

"Initial Note" means each initial Governmental Lender Note registered by the Comptroller and subsequently canceled and replaced by a definitive Governmental Lender Note pursuant to this Funding Loan Agreement.

"Investment" means any Permitted Investment and any other investment within the meaning of Section 1.148-1(b) of the Regulations held under this Funding Loan Agreement that does not constitute a Permitted Investment.

"Maturity Date" shall mean September 1, 2058 for the Series A-1 Governmental Lender Note and September 1, 2058 for the Series A-2 Governmental Lender Note.

"Maximum Rate" shall mean the lesser of (i) 12% per annum and (ii) the maximum interest rate that may be paid on the Governmental Lender Notes under State law pursuant to Chapter 1204 of the Texas Government Code.

"Minimum Beneficial Ownership Amount" shall mean an amount no less than fifteen percent (15%) of the outstanding principal amount of the Governmental Lender Notes.

"Moody's" shall mean Moody's Investors Service, Inc., or its successor.

"Mortgaged Property" means the real property described in the Security Instrument, together with all improvements, fixtures and personal property (to the extent of the Borrower's interest therein) located on such real property.

"Noteowner" or "owner of the Governmental Lender Notes" means an owner of a Governmental Lender Note as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.5(b).

"Note Proceeds Account" means the Note Proceeds Account of the Project Fund established under Section 7.3.

"Operations Office" means the offices of the Fiscal Agent where principal and interest on the Governmental Lender Notes are paid and where the Governmental Lender Notes are surrendered for transfer, exchange or cancellation, which office is presently located at Regions Bank, 201 Milan Parkway, 2nd Floor, Birmingham, Alabama 35211.

"Opinion of Counsel" shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Notes from gross income for purposes of federal income taxation, such opinion shall be provided by Bond Counsel.

"Permanent Period Amount" shall have the meaning given such term in the Borrower Loan Agreement.

"Permitted Investments" shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Direct obligations of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America, or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000 and maturing in less than 365 days; provided that the Fiscal Agent or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's/S&P and such deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.

(d) Bonds (including tax-exempt bonds), bills, notes or other obligations of or secured by Fannie Mae, Freddie Mac, the Federal Home Loan Bank or the Federal Farm Credit Bank.

(e) Money market funds rated AAA by S&P which are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Fiscal Agent or its affiliates.

(f) Collateralized investment agreements or repurchase agreements with financial institutions rated in the "A" category or higher without regard to qualifiers, by at least one Rating Agency. The agreement must be continually collateralized with obligations specified in paragraphs (a), (b) and/or (d) above, eligible for wire through the Federal Reserve Bank System or the DTC/PTC as applicable, and at a level of at least 103% of the amount on deposit and valued no less than daily. The collateral must be held by a third party custodian and be free and clear of all liens and claims of third parties. Securities must be valued daily, marked-to-market at current market price plus accrued interest. If the market value of the securities is found to be below the required level, the provider must restore the market value of the securities to the required level within one (1) business day. Permitted collateral must be delivered to and held in a segregated account by the Fiscal Agent or a custodian (the "Collateral Agent"), and the Collateral Agent cannot be the provider. The collateral must be delivered to the Collateral Agent before/simultaneous with payment (perfection by possession of certificated securities). Acceptable collateral must be free and clear of all liens and claims of third parties and shall be registered in the name of the Collateral Agent for the benefit of the Governmental Lender and Fiscal Agent. The agreement shall state that the Collateral Agent has a valid and perfected first priority security interest in the securities, any substituted securities and all proceeds thereof.

(g) Any other investment authorized by the laws of the State, if such investment is Approved in Writing in advance by the Funding Lender in its sole discretion.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment or any agreement with a maturity profile greater than the date(s) on which funds representing the corpus of the investment may be needed under the Funding Loan Documents. This exception (1) shall not apply to Permitted Investments listed in paragraph (g).

(2) Any obligation bearing interest at an inverse floating rate.

(3) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

(4) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

The Fiscal Agent shall not be responsible for verifying that a Permitted Investment is authorized by law.

"Person" shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

"Pledged Revenues" shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Governmental Lender Notes, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Reserved Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Notes, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon (except any amounts on deposit in the Closing Costs Fund).

"Prepayment Premium" shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of a Borrower Note (including any Prepayment Premium as set forth in the Borrower Notes) and (ii) any premium payable on the Governmental Lender Notes pursuant to this Funding Loan Agreement.

"Project" shall have the meaning given to that term in the Borrower Loan Agreement.

"Qualified Project Costs" shall have the meaning given such term in the Regulatory Agreement.

"Rating Agency" shall mean any one and each of S&P, Moody's and Fitch then rating the Permitted Investments or any other nationally recognized statistical rating agency then rating the Permitted Investments, which has been approved by the Funding Lender.

"Rebate Amount" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Rebate Analyst" means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and in compliance with the arbitrage rebate Regulations promulgated under the Code, (ii) chosen by the Borrower prior to the Closing Date and (iii) engaged for the purpose of determining the amount of required deposits, if any to the Rebate Fund.

"Rebate Fund" means the Rebate Fund created by Section 7.3(e) hereof.

"Regulations" means any proposed, temporary, or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code. Any reference to any specific

Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Regulatory Agreement" shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, by and among the Governmental Lender, the Borrower and the Fiscal Agent, as hereafter amended or modified.

"Required Transferee Representations Letter" shall mean the representations in substantially the form of the letter attached to this Funding Loan Agreement as Exhibit B, duly executed by the holder of the Governmental Lender Notes and delivered to the Governmental Lender and the Fiscal Agent.

"Reserved Rights" means (a) all of the Governmental Lender's right, title and interest in and to all reimbursement, costs, expenses and indemnification, (b) all rights of the Governmental Lender to receive the Governmental Lender's Fee and any Rebate Amount, (c) all rights of the Governmental Lender to receive notices, reports and other statements and to make any determination and to grant any approval or consent to anything in this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the other Funding Loan Documents requiring the determination, consent or approval of the Governmental Lender, (d) all rights of the Governmental Lender of access to the Mortgaged Property and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Borrower's Tax Letter of Representation and in the Regulatory Agreement, (e) any and all rights, remedies and limitations of liability of the Governmental Lender set forth in this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the other Funding Loan Documents, as applicable, regarding (1) the negotiability, registration and transfer of the Governmental Lender Notes, (2) the loss or destruction of the Governmental Lender Notes, (3) the limited liability of the Governmental Lender as provided in the Act, this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the other Funding Loan Documents, (4) no liability of the Governmental Lender to third parties, and (5) no warranties of suitability or merchantability by the Governmental Lender, (f) all rights of the Governmental Lender in connection with any amendment to or modification of this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificates and the other Funding Loan Documents, and (g) any and all limitations of the Governmental Lender's liability and the Governmental Lender's disclaimers of warranties set forth in this Funding Loan Agreement, the Regulatory Agreement, the Tax Certificates or the Borrower Loan Agreement, and the Governmental Lender's right to inspect and audit the books, records and permits of the Borrower and the Mortgaged Property.

"Resolution" shall mean the resolution of the Governmental Lender authorizing the Governmental Lender Notes and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

"Responsible Officer" shall mean any officer within the Corporate Trust Office of the Fiscal Agent, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Fiscal Agent customarily performing functions similar to those performed by the persons who at the time shall be such officers, respectively, who is responsible for the administration of this Funding Loan Agreement.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security" shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Notes and this Funding Loan Agreement as more fully set forth in Article IV hereof.

"Security Instrument" shall mean the Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time) of even date herewith, made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent for the benefit of the Funding Lender to secure the performance by the Borrower of its obligations under the Borrower Loan.

"Series A-1 Borrower Note" shall mean that certain Multifamily Note (Tranche A), dated the Closing Date, in the original principal amount of \$[_____] made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-1 Governmental Lender Note, as executed by the Borrower on the Closing Date and endorsed and assigned by the Governmental Lender without recourse to the Fiscal Agent, and as it may thereafter be amended or supplemented from time to time.

"Series A-2 Borrower Note" shall mean that certain Multifamily Note (Tranche B), dated the Closing Date, in the original principal amount of \$[_____] made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-2 Governmental Lender Note, as executed by the Borrower on the Closing Date and endorsed and assigned by the Governmental Lender without recourse to the Fiscal Agent, and as it may thereafter be amended or supplemented from time to time.

"Series A-1 Governmental Lender Note" shall mean that certain Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025A-1, dated as provided in Section 2.2 hereof, in the original principal amount of \$[_____] made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"Series A-2 Governmental Lender Note" shall mean that certain Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025A-2, dated as provided in Section 2.2 hereof, in the original principal amount of \$[_____] made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"Servicer" shall mean any Servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Governmental Lender Notes and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer. Initially the Servicer shall be the Funding Lender pursuant to this Funding Loan Agreement.

"*Servicing Agreement*" shall mean the servicing agreement, if any, entered into between the Funding Lender and a Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

"*S&P*" shall mean S&P Global Ratings, a division of S&P Global Inc., or its successors.

"*State*" shall mean the State of Texas.

"*Tax Certificates*" means, collectively, (a) the Governmental Lender's Certificate as to Tax Exemption and (b) the Borrower's Tax Letter of Representation.

"*UCC*" shall mean the Uniform Commercial Code as in effect in the State.

"*Yield*" of (1) any investment has the meaning set forth in Section 1.148-5 of the Regulations, and (2) the Governmental Lender Notes has the meaning set forth in Section 1.148-4 of the Regulations.

"*Written Certificate*," "*Written Certification*," "*Written Consent*," "*Written Direction*," "*Written Notice*," "*Written Order*," "*Written Request*," "*Written Requisition*," "*Approved in Writing*" and "*Approval in Writing*" shall mean a written certificate, consent, direction, notice, order, request, requisition or approval signed by an Authorized Representative of the Borrower or the Governmental Lender and delivered to the Funding Lender, the Servicer, if any, the Fiscal Agent or such other Person as required under the Funding Loan Documents.

Section 1.2. Effect of Headings and Table of Contents. The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.3. Date of Funding Loan Agreement. The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date.

Section 1.4. Designation of Time for Performance. Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

Section 1.5. Interpretation. The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

ARTICLE II
TERMS; GOVERNMENTAL LENDER NOTES

Section 2.1. Terms.

(a) Principal Amount. The principal amount of each Governmental Lender Note is hereby expressly limited to the respective Authorized Amount.

(b) Funding. The purchase price of the Governmental Lender Notes, which shall be equal to the principal amount thereof, shall be paid by the Funding Lender to the Fiscal Agent for the account of the Governmental Lender on the Closing Date, and will be disbursed to the Borrower in accordance with the disbursement provisions of Section 7.7 hereof, Section 2.10 of the Borrower Loan Agreement and of the Construction Funding Agreement.

(c) Issuance Date; Maturity. The Governmental Lender Notes shall be issued on the Closing Date and shall mature on their respective Maturity Dates at which time the entire principal amount, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) Principal. The outstanding principal amount of the Governmental Lender Notes as of any given date shall be the Authorized Amount, less any payments of principal of the Governmental Lender Notes previously received from payments of corresponding principal amounts under the respective Borrower Notes, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Notes and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal repayments made under the Governmental Lender Notes and shall upon Written Request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Governmental Lender Notes.

(e) Interest. Interest shall be paid on the outstanding principal amount of each Governmental Lender Note on each Borrower Loan Payment Date at the rate or rates set forth in the corresponding Borrower Note and otherwise as set forth in the Borrower Loan Agreement; provided, however, that in no event shall interest paid on the Governmental Lender Notes (including any default interest rate) exceed the Maximum Rate.

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, late payment fees and other amounts due on the Governmental Lender Notes shall be made on the Loan Payment Date and shall be identical with and shall be made on the same terms and conditions, as the principal, interest, premium, if any, late payment fees and other amounts due on the Borrower Notes. If there is a Servicer, payments of principal and interest on the Borrower Notes shall be paid to the Servicer when required under the Borrower Notes and Borrower Loan Agreement, and the Servicer, on behalf of the Funding Lender, shall then remit such funds to the Fiscal Agent to be deposited in the Governmental Lender Note Payment Fund established under this Funding Loan Agreement. If there is no Servicer, payments of principal and

interest on the Borrower Notes shall be paid directly to the Fiscal Agent and deposited into the Governmental Lender Note Payment Fund.

(g) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Notes and all agreements made in the Governmental Lender Notes, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto including Chapter 1204 of the Texas Government Code and other applicable laws of the State of Texas. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. In no event shall the interest on the Governmental Lender Notes exceed the Maximum Rate. This paragraph shall control every other provision of the Governmental Lender Notes, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Governmental Lender Notes.

(h) Notwithstanding any other provision of this Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL LENDER NOTES SOLELY OUT OF THE SECURITY, INCLUDING THE PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTES SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE SECURITY, INCLUDING THE PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTES SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT.**

Section 2.2. Form of Governmental Lender Notes. Simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Governmental Lender Notes shall be substantially in the form set forth in Exhibits A-1 and A-2 attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement. Except for the Initial Note for the Series A-1 Governmental Lender Note, which shall be numbered IA1-1 and dated February 1, 2025, the Series A-1 Governmental Lender Note shall be numbered consecutively from RA1-1 upwards and dated the Closing Date. Except for the Initial Note for the Series A-2 Governmental Lender Note, which shall be numbered IA2-1 and dated February 1, 2025, the Series A-2 Governmental Lender Note shall be numbered consecutively from RA2-1 upwards and dated the Closing Date. In connection with Conversion, the Funding Lender shall have the right to exchange the then existing Series A-1 Governmental Lender Note and Series A-2 Governmental Lender Note on or after the Conversion Date for a new Series A-1 Governmental Lender Note with a dated date of the Conversion Date and in a stated principal amount equal to the Permanent Period Amount.

Each Initial Note, registered by the Comptroller, shall be identical to the form of each Governmental Lender Note attached as Exhibits A-1 and A-2, except that the following paragraph will not appear in the Initial Notes:

"This Governmental Lender Note shall not be entitled to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon."

and the following paragraph shall be added as the second-to-last paragraph to the Initial Notes:

"THIS GOVERNMENTAL LENDER NOTE SHALL NOT BE VALID OR BECOME OBLIGATORY for any purpose or be entitled to any benefit or security under the Funding Loan Agreement unless the Comptroller's Registration Certificate hereon has been executed by an authorized representative of the Texas Comptroller of Public Accounts by manual or facsimile signature."

In lieu of the authentication certificate of the Fiscal Agent, each Initial Note shall contain the following certificate:

**"REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS**

OFFICE OF THE COMPTROLLER OF	§	
PUBLIC ACCOUNTS	§	REGISTER NO. _____
THE STATE OF TEXAS	§	

I HEREBY CERTIFY that this Governmental Lender Note has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Texas Comptroller of Public Accounts.

Witness my signature and seal of office this _____.

Texas Comptroller of Public Accounts

(SEAL)"

The provisions of Exhibit A-1 and A-2 may be rearranged or re-ordered for purposes of the Initial Notes.

Section 2.3. Execution and Authentication of Governmental Lender Notes. Each Governmental Lender Note (including the Initial Notes) shall be signed, by manual or facsimile signature, by an Authorized Representative of the Governmental Lender and shall be attested by the manual or facsimile signature of an Authorized Representative of the Governmental Lender. In case any officer whose signature or a facsimile of whose signature appears on any Governmental Lender Note shall cease to be that officer before the issuance of the Governmental Lender Note, the officer's signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Governmental Lender Note may be executed on behalf of the Governmental Lender by an officer who, on the date of execution is the proper officer, although on the date of the Governmental Lender Note that person was not the proper officer.

Except for the Initial Notes, no Governmental Lender Note shall be secured by, or be entitled to any lien, right or benefit under, this Funding Loan Agreement or be valid or obligatory for any purpose, unless there appears on such Governmental Lender Note a certificate of authentication substantially in the form provided for herein, executed by the Fiscal Agent by manual signature, and such certificate upon the definitive Governmental Lender Note shall be conclusive evidence, and the only evidence, that such definitive Governmental Lender Note has been duly authenticated and delivered hereunder.

Section 2.4. Mutilated, Lost, Stolen or Destroyed Governmental Lender Note. If any Governmental Lender Note is mutilated, lost, stolen or destroyed, the Governmental Lender shall execute and the Fiscal Agent shall authenticate and deliver a new Governmental Lender Note of the same maturity, interest rate, principal amount, series and tenor in lieu of and in substitution for the mutilated, lost, stolen or destroyed Governmental Lender Note, provided, however, that in the case of any mutilated Governmental Lender Note, the mutilated Governmental Lender Note must first be surrendered to the Fiscal Agent, and in the case of any lost, stolen or destroyed Governmental Lender Note, there must be first furnished to the Fiscal Agent evidence satisfactory to it of the ownership of the Governmental Lender Note, and of the loss, theft or destruction, together with indemnity satisfactory to the Fiscal Agent and the Governmental Lender and compliance with such other reasonable requirements as the Fiscal Agent and the Governmental Lender may prescribe. If any such Governmental Lender Note will mature within the ensuing 60 days, or if such Governmental Lender Note has been called for prepayment or a prepayment date pertaining to such Governmental Lender Note has passed, instead of replacing the Governmental Lender Note, the Fiscal Agent may, upon receipt of such indemnity, pay the Governmental Lender

Note on such maturity date or prepayment date. The Fiscal Agent shall cancel any mutilated Governmental Lender Note surrendered to it. In connection with any such substitution or payment, the Governmental Lender and the Fiscal Agent may charge the holder of such Governmental Lender Note their reasonable fees and expenses, including attorneys' fees and expenses.

If, after the delivery of such replacement Governmental Lender Note, the original Governmental Lender Note in lieu of which such replacement Governmental Lender Note was issued is presented for payment or registration, the Fiscal Agent shall seek to recover such replacement Governmental Lender Note from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Fiscal Agent, the Borrower or the Governmental Lender in connection therewith.

Section 2.5. Registration and Transfer of Governmental Lender Notes.

(a) The Fiscal Agent acknowledges that the Funding Lender is the initial holder of the Governmental Lender Notes and shall remain the sole holder of the Governmental Lender Notes except as transferred as provided herein.

(b) The Fiscal Agent, on behalf of the Governmental Lender, shall provide for the registration of the Governmental Lender Notes and the registration of transfers thereof pursuant to Chapter 1203 of the Texas Government Code. In that regard, the Fiscal Agent shall maintain a register, which shall contain a record of every Governmental Lender Note at any time authenticated hereunder, together with the name and address of the holder thereof, the date of authentication, the date of transfer or payment, and such other matters as may be deemed appropriate by the Fiscal Agent or the Governmental Lender. The Governmental Lender, the Fiscal Agent and any agent of the Governmental Lender or the Fiscal Agent may treat the person in whose name a Governmental Lender Note is registered as the owner of such Governmental Lender Note for the purpose of receiving payment of the Governmental Lender Note and for all other purposes whatsoever whether or not the Governmental Lender Note payments are overdue, and, to the extent permitted by law, neither the Governmental Lender, the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

(c) The transfer of a Governmental Lender Note is subject to registration by the holder thereof only upon compliance with the conditions for registration of transfer imposed on the holder under this Section 2.5 and Section 2.6 hereof. Upon surrender of a Governmental Lender Note at the Operations Office of the Fiscal Agent, the Governmental Lender shall execute (if necessary), and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee (but not registered in blank or to "bearer" or a similar designation), a new Governmental Lender Note of a like principal amount, and having the same stated maturity, tenor and interest rate.

(d) A Governmental Lender Note delivered in exchange for or upon transfer of a Governmental Lender Note shall be a valid limited obligation of the Governmental Lender evidencing the same debt and entitled to the same benefits under this Funding Loan Agreement, as the Governmental Lender Note surrendered for such exchange or transfer.

(e) Registration of the transfer of a Governmental Lender Note may be made on the Fiscal Agent's register by the holder thereof in person or by such holder's attorney duly authorized in writing. The Governmental Lender Note presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of (g) and Section 2.6 hereof, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Fiscal Agent, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Governmental Lender Note.

(f) No service charge shall be made to the registered holder of a Governmental Lender Note for any registration, transfer or exchange, but the Fiscal Agent and the Governmental Lender may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Governmental Lender Note, and any legal or unusual costs of transfers.

(g) No Governmental Lender Note may be transferred through the services of The Depository Trust Company or any other third-party registrar other than the Fiscal Agent.

Section 2.6. Required Transferee Representations Letter; Participations; Sale and Assignment.

(a) For each Initial Note delivered to the Funding Lender on the Closing Date, the Funding Lender shall deliver to the Governmental Lender and the Fiscal Agent a signed Required Transferee Representations Letter in substantially the form attached hereto as Exhibit B on the Closing Date.

(b) The Funding Lender shall have the right to sell (i) a Governmental Lender Note, or (ii) subject to subsection (c) below, participation interests or other beneficial ownership interests in such Governmental Lender Note, provided that in each case such sale shall be only to Approved Transferees that execute and deliver to the Fiscal Agent, with a copy to the Governmental Lender, the Required Transferee Representations Letter; provided, however, that no Required Transferee Representations shall be required to be delivered by transferees or beneficial interest holders described in clauses (3) or (4) of the definition of "Approved Transferee." Anything herein to the contrary notwithstanding, the Governmental Lender Note shall only be transferable in whole so that there is, at any time, only a single registered owner thereof, although participation or beneficial ownership interests may be sold or transferred subject to the requirements of this Section 2.6.

(c) Notwithstanding the other provisions of this Section 2.6, no participation interest or other beneficial ownership interest in a Governmental Lender Note and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount; provided, however, that beneficial ownership interests in the Governmental Lender Notes described in clause (3) of the definition of "Approved Transferee" may be sold in any amount without regard to the Minimum Beneficial Ownership Amount.

(d) The parties agree that no rating shall be sought from a rating agency with respect to the Funding Loan or the Governmental Lender Notes.

(e) The Fiscal Agent will have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Funding Loan Agreement or under applicable law with respect to any transfer of a Governmental Lender Note other than to examine the Required Transferee Representations Letter delivered to it to determine substantial compliance as to form with the express requirements hereof.

ARTICLE III PREPAYMENT

Section 3.1. Prepayment of the Governmental Lender Notes from Prepayment under the Borrower Notes. The Governmental Lender Notes are subject to voluntary and mandatory prepayment as follows:

(a) Each Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds received by the Governmental Lender, to the extent and in the manner and on any date that the corresponding Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment, but only from amounts received pursuant to the Borrower Loan Documents.

The Borrower shall not have the right to voluntarily prepay all or any portion of a Borrower Note, thereby causing the applicable Governmental Lender Note to be prepaid, except as specifically permitted in the Borrower Note, without the prior Written Consent of Funding Lender, which may be withheld in Funding Lender's sole and absolute discretion.

(b) Each Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the corresponding Borrower Note at the Written Direction of the Funding Lender in accordance with the terms of the Borrower Note, at a prepayment price equal to the outstanding principal balance of the Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Note or the Borrower Loan Agreement, but only from amounts received pursuant to the Borrower Loan Documents.

Section 3.2. Notice of Prepayment. Notice of prepayment of a Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the applicable Borrower Note is timely and properly given to Funding Lender in accordance with the terms of the Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

ARTICLE IV SECURITY

Section 4.1. Security for the Governmental Lender Notes. To secure the payment of the Governmental Lender Notes, to declare the terms and conditions on which the Governmental Lender Notes are secured, and in consideration of the premises and of the purchase of the Governmental Lender Notes by the Funding Lender, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge,

set over and confirm to the Fiscal Agent (except as limited herein), for the benefit of the holders from time to time of the Governmental Lender Notes, a lien on and security interest in the following described property (excepting, however, the Reserved Rights) (said property, rights and privileges being herein collectively called, the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Notes, including, without limitation, all rents, revenues and receipts derived thereunder by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments (except those related to the Reserved Rights) derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall be limited to the Security received by the Governmental Lender from the Borrower, but subject to such limitation shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Fiscal Agent under this Funding Loan Agreement (other than the Rebate Fund and the Closing Costs Fund), subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Fiscal Agent or the Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and the Fiscal Agent or the Funding Lender is hereby authorized to receive any and all such property as and for additional security for the Governmental Lender Notes and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on the Governmental Lender Notes, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Notes by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have

notice thereof. The Fiscal Agent shall have no responsibilities (except as expressly set forth herein) as to the validity, sufficiency, value, genuineness, ownership or transferability of the Security, written instructions, or any other documents in connection therewith, and will not be regarded as making nor be required to make, any representations thereto.

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

Section 4.2. Delivery of Security. To provide security for the payment of the Governmental Lender Notes, the Governmental Lender has pledged and assigned to secure payment of the Governmental Lender Notes its right, title and interest in the Security to the Fiscal Agent in trust for the benefit of the Noteowner. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Fiscal Agent the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

- (a) The Borrower Notes endorsed without recourse to the Fiscal Agent by the Governmental Lender;
- (b) The originally executed Borrower Loan Agreement and Regulatory Agreement;
- (c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Note and an assignment for security of the Security Instrument from the Governmental Lender to the Fiscal Agent, in recordable form and acceptable to the Funding Lender as evidenced by its acceptance thereof on the Closing Date;
- (d) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Fiscal Agent's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in form suitable for filing and acceptable to the Funding Lender as evidenced by its acceptance thereof on the Closing Date; and
- (e) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement and acceptable to the Funding Lender as evidenced by its acceptance thereof on the Closing Date.

The Governmental Lender shall deliver and deposit with the Fiscal Agent or the Funding Lender such additional documents, financing statements, and instruments as the Fiscal Agent, at the Written Direction of the Funding Lender, or the Funding Lender may reasonably require from

time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security, at the expense of the Borrower.

The Fiscal Agent shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Fiscal Agent pursuant this Funding Loan Agreement (except for the filing of continuation statements for filed financing statements on which the "Public-Finance Transaction" box has been marked to indicate that such financing statements have been filed in connection with a public finance transaction, copies of which are delivered to the Fiscal Agent as provided above); or (ii) enable the Fiscal Agent to exercise and enforce its rights with respect to such pledge and security interest. In addition, the Fiscal Agent shall have no responsibility or liability (i) in connection with the acts or omission of the Borrower in respect of the foregoing; or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Security or the perfection and priority of such security interest.

ARTICLE V LIMITED LIABILITY

Section 5.1. Source of Payment of Governmental Lender Notes and Other Obligations. Notwithstanding any other provision of this Funding Loan Agreement to the contrary, THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL LENDER NOTES SOLELY OUT OF THE PLEDGED REVENUES AND SECURITY PLEDGED AND ASSIGNED HEREUNDER. THE GOVERNMENTAL LENDER NOTES SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE PLEDGED REVENUES AND SECURITY PLEDGED AND ASSIGNED HEREUNDER. THE GOVERNMENTAL LENDER NOTES SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE PLEDGED REVENUES AND SECURITY PLEDGED AND ASSIGNED HEREUNDER, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT. THE GOVERNMENTAL LENDER NOTES DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, OBLIGATIONS OR LOANS OF CREDIT OF THE STATE OR ANY MUNICIPALITY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT THE STATE OR OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE GOVERNMENTAL LENDER NOTES. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

THE NOTES ARE ISSUED UNDER SUBCHAPTER Y OF CHAPTER 2306, TEXAS GOVERNMENT CODE, AS AMENDED. THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THE NOTES AND THE

FULL FAITH AND CREDIT AND TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THE NOTES.

Section 5.2. Exempt from Individual Liability. No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future officer, director, employee or agent of the Governmental Lender in his individual capacity, and neither the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Notes or this Funding Loan Agreement shall be liable personally on the Governmental Lender Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes or the execution of this Funding Loan Agreement.

ARTICLE VI CLOSING CONDITIONS; APPLICATION OF FUNDS

Section 6.1. Conditions Precedent to Closing. Closing of the sale of the Governmental Lender Notes on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender in its sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement, including but not limited to the following:

- (a) Receipt by the Funding Lender of the original executed Governmental Lender Notes, authenticated by the Fiscal Agent;
- (b) Receipt by the Fiscal Agent of the original executed Borrower Notes, endorsed to the Fiscal Agent by the Governmental Lender;
- (c) Receipt by the Funding Lender of executed counterparts of this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Security Instrument, and any UCC financing statement required by the Security Instrument;
- (d) Receipt by the Fiscal Agent of a certified copy of the Resolution;
- (e) Receipt by the Governmental Lender and Fiscal Agent of the executed Required Transferee Representations Letter from the Funding Lender;
- (f) A written request and authorization by the Governmental Lender (acting through an Authorized Representative) to the Fiscal Agent to authenticate and deliver the Governmental Lender Notes to or for the account of the Funding Lender upon receipt from the Funding Lender of the proceeds of the Governmental Lender Notes;
- (g) Delivery into escrow with the Title Company (or separate escrow company, if applicable) or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Governmental Lender Notes and any underlying real estate transfers or transactions, including the Costs of Issuance Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;

(h) Receipt by the Funding Lender and the Fiscal Agent of an opinion of Governmental Lender Counsel and the Bond Counsel Approving Opinion;

(i) Receipt by the Funding Lender and the Fiscal Agent of an Opinion of Counsel to the effect that the Governmental Lender Notes are exempt from registration under the Securities Act of 1933, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(j) Delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender, the Fiscal Agent and the Funding Lender to the effect that the Borrower Loan Documents and the Regulatory Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender and the Funding Lender;

(k) Receipt by the Funding Lender of the Initial Notes registered by the Comptroller and an Opinion of the Attorney General of the State of Texas approving the Governmental Lender Notes; and

(l) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that the Funding Lender, the Governmental Lender, Bond Counsel or Governmental Lender Counsel may require. The Funding Lender shall be deemed to have received or waived all conditions precedent upon the release of the Funding Loan.

Section 6.2. Application of Funds. The Fiscal Agent shall deposit the proceeds of the Governmental Lender Notes and amounts received from or on behalf of the Borrower, as follows:

(a) The Fiscal Agent shall deposit the proceeds of the Governmental Lender Notes as follows: \$[23,500,000] into the Note Proceeds Account of the Project Fund; \$____ into the Capitalized Interest Account of the Project Fund; \$____ into the Expense Fund; and \$____ into the Closing Costs Fund.

(b) From the amounts received from or on behalf of the Borrower, the Fiscal Agent shall deposit the following amounts in the following funds:

(1) An amount equal to \$____ into the Capitalized Interest Account of the Project Fund;

(2) An amount equal to \$____ into the Expense Fund;

(3) An amount equal to \$____ into the Borrower Equity Account of the Project Fund; and

(4) An amount equal to \$____ into the Closing Costs Fund.

(c) Subsequent to the Closing Date, funds shall be deposited as provided in Article VII.

ARTICLE VII FUNDS AND ACCOUNTS

Section 7.1. Authorization to Create Funds and Accounts. Funds and accounts shall be established on the Closing Date as provided in Section 7.3 hereof. Fiscal Agent is authorized, and the Funding Lender and the Servicer, if any, may give Written Directions to the Fiscal Agent, to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or condemnation awards), if any, received by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, if any, pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

Section 7.2. Investment of Funds. Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the Written Direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificates, and as more particularly described in Section 7.7 hereof. Pursuant to the Tax Certificates, the Fiscal Agent shall cause to be kept and maintained adequate records pertaining to investment of all proceeds of the Governmental Lender Notes sufficient to permit the Borrower, on behalf of the Governmental Lender, to determine the amount of rebate, if any, required to be paid to the United States of America pursuant to Section 148 of the Code. The Fiscal Agent shall have no responsibility to make such determination.

Section 7.3. Establishment of Funds. There are established with the Fiscal Agent the following funds and accounts:

- (a) The Governmental Lender Note Payment Fund;
- (b) The Project Fund, and within the Project Fund, a Note Proceeds Account, a Capitalized Interest Account and a Borrower Equity Account;
- (c) The Expense Fund;
- (d) The Closing Costs Fund; and
- (e) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent in trust for the benefit of the Funding Lender, and except for money held in the Expense Fund, the Closing Costs Fund and the Rebate Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues and be subject to the lien hereof.

Section 7.4. Governmental Lender Note Payment Fund. The Governmental Lender and the Borrower shall have no interest in the Governmental Lender Note Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Governmental Lender Note Payment Fund any amounts received from the Borrower as payments of principal, interest, premiums, if any, late payment fees on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Governmental Lender Note Payment Fund in the following order of priority (unless otherwise directed in writing by the Funding Lender):

First, to pay or provide for the payment of the interest then due on the Governmental Lender Note;

Second, to pay or provide for the payment or the prepayment of principal (and premium, if any) on the Governmental Lender Notes, provided moneys have been transferred or deposited into the Governmental Lender Note Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Governmental Lender Notes on their respective Maturity Dates.

Section 7.5. Expense Fund. The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) at the Written Direction of the Governmental Lender, the Governmental Lender Fee, (ii) on each January 1, commencing January 1, 2026, to the Fiscal Agent amounts due pursuant to subpart (a) of the definition of "Fiscal Agent's Fees" herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, and (iv) upon receipt, to, or at the Written Direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

Written notice of any insufficiency, which results in the Governmental Lender not receiving the Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of

the Governmental Lender Fee not later than 30 days prior to the due date for payment of such the Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

Section 7.6. Closing Costs Fund. On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount specified in Section 6.2; provided that, no more than two percent of the proceeds of the Governmental Lender Notes shall be deposited in the Closing Costs Fund. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Closing Costs on the Closing Date or as soon as practicable thereafter: (a) Costs of Issuance, as stated in a completed requisition in the form of Exhibit D; and (b) the Fiscal Agent its closing fee of \$_____ and annual minimum administrative fee of \$_____. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Closing Costs Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all Costs of Issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of six (6) months after the Closing Date, shall be paid to or at the Written Direction of the Borrower and the Closing Costs Fund shall be closed.

Section 7.7. Project Fund.

(a) All proceeds of the Governmental Lender Notes provided by the Funding Lender shall be deposited to the Note Proceeds Account or Capitalized Interest Account of the Project Fund and disbursed as herein provided. The Fiscal Agent shall disburse moneys in the Note Proceeds Account of Project Fund for the acquisition, construction and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein as requested by the Borrower pursuant to a Written Requisition in the form attached hereto as Exhibit C. All funds deposited by or on behalf of the Borrower for credit to the Borrower Equity Account Project Fund shall be disbursed as requested by the Borrower pursuant to a Written Requisition in the form attached hereto as Exhibit C.

Before any payment shall be made from the Project Fund, the Regulatory Agreement shall have been executed and submitted to a title company for recordation in the official records of Travis County, Texas, and there shall be filed with the Fiscal Agent a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Construction Funding Agreement.

In addition to the above, in connection with a Written Requisition:

(1) Only the signature of an Authorized Representative of the Funding Lender shall be required on a Written Requisition during any period in which Borrower Loan Agreement Default has occurred and is then continuing under the Borrower Loan Documents (Written Notice of which default has been given by an Authorized Representative of the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

(2) The Fiscal Agent shall disburse amounts in the Project Fund for the payment of interest due on the Governmental Lender Note upon receipt from the Funding Lender of a statement detailing the amount due (and without the need for a Written Requisition signed by the Funding Lender or any approval by an Authorized Representative of the Borrower).

(3) The Fiscal Agent may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Representative of the Borrower and the approval of all Written Requisitions by the Authorized Representative of the Funding Lender, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, renovation, equipping, improvement and installation of the Project.

(b) Upon receipt of each Written Requisition submitted by the Borrower and Approved in Writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within three Business Days, make payment from the appropriate account within the Project Fund in accordance with such Written Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Note Proceeds Account of the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the other representations in the Written Requisition. The Approval in Writing of a Written Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent is concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Fiscal Agent is concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute Qualified Project Costs or other permitted Project costs.

The Fiscal Agent shall promptly provide Written Notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the disbursements as and when required by this Section 7.7(b). Except as provided in the next sentence, all such payments shall be made in the manner and per the payment instructions provided in the Written Requisition and approved by both parties executing it. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the Written Consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Borrower Equity Account of the Project Fund to the payment of principal of and interest on the Governmental Lender Note. If a Written Requisition signed by the Authorized Representative of the Borrower and countersigned by an Authorized Representative of the Funding Lender is

received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(c) Moneys on deposit in the Capitalized Interest Account of the Project Fund, together with investment earnings thereon, which shall be retained therein, shall be transferred to the Governmental Lender Note Payment Fund and applied pursuant to Section 7.4 on each Borrower Loan Payment Date to the extent necessary to enable the Fiscal Agent to pay interest due on the Funding Loan on such date; provided that, upon receipt of a Written Direction of the Borrower, moneys on deposit in the Capitalized Interest Account of the Project Fund shall be transferred to the Servicer on the date when due under the Borrower Note in an amount as set forth in such Written Direction, which amount shall represent the Borrower Loan Payment due at such time. Upon the request of the Fiscal Agent, the Servicer shall provide the Fiscal Agent with a schedule of the Borrower Loan Payment Dates and corresponding Borrower Loan Payment amounts. The transfer of moneys from the Capitalized Interest Account of the Project Fund to the Governmental Lender Note Payment Fund or the Servicer as set forth above shall occur automatically without the need for a Written Requisition of the Borrower, or consent of the Funding Lender. After the Closing Date, the Borrower, with the written consent of the Funding Lender, such consent not to be unreasonably withheld, conditioned or delayed, may deposit additional funds into the Capitalized Interest Account.

(d) Immediately prior to any mandatory prepayment of the Governmental Lender Notes pursuant to the terms hereof, any amounts then remaining in the Project Fund shall, at the Written Direction of the Funding Lender, be transferred to the Governmental Lender Note Payment Fund to be applied to the prepayment of the Governmental Lender Notes pursuant hereto.

(e) Amounts on deposit in the Project Fund shall be invested in Permitted Investments at the Written Direction of the Borrower. Investment income earned on amounts on deposit in each account of the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

(f) Amounts on deposit in the Governmental Lender Note Payment Fund, Expense Fund and Closing Costs Fund shall be invested in Permitted Investments at the Written Direction of the Borrower. The Fiscal Agent shall have no discretion for investing funds or advising any party on investing funds. Investment income earned on amounts on deposit in each account of the Governmental Lender Note Payment Fund, Expense Fund and Closing Costs Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Governmental Lender Note Payment Fund, Expense Fund and Closing Costs Fund.

In the absence of Written Direction from the Borrower, such amounts shall be invested by the Fiscal Agent only in investments described in (e) of the definition of Permitted Investments.

The Fiscal Agent is authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments. The Fiscal Agent shall not be liable for any losses (including, specifically depreciation of value) resulting from investments made in Permitted

Investments. The Fiscal Agent shall not be responsible for the Governmental Lender Notes becoming "arbitrage bonds" as defined in the Code when it makes investments pursuant to the terms hereof.

The Fiscal Agent may make any and all investments permitted under this Funding Loan Agreement through its own trust or banking department or any Affiliate and may pay said department reasonable, customary fees for placing such investments. The Fiscal Agent and its Affiliates may act as principal, agent, sponsor, advisor or depository with respect to Permitted Investments under this Funding Loan Agreement. The Fiscal Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Funding Loan Agreement. The Fiscal Agent is hereby authorized in making or disposing of any investment permitted by this Funding Loan Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Fiscal Agent or for any third person or dealing as principal for its own account. The Governmental Lender, the Funding Lender and the Borrower acknowledge that the Fiscal Agent is not providing investment supervision, recommendations, or advice.

The Governmental Lender, the Funding Lender and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Funding Lender the right to receive brokerage confirmations of security transactions as they occur, the Governmental Lender and the Funding Lender will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the Borrower, the Funding Lender and the Governmental Lender (to the extent requested by such parties) periodic cash transaction statements which shall detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

(g) Unless otherwise approved by the Governmental Lender and the Funding Lender, any amounts representing proceeds of the Funding Loan remaining on deposit in any fund or account held under this Funding Loan Agreement on the Outside Conversion Date, shall be immediately transferred to the Funding Loan Payment Account and used to prepay the Governmental Lender Notes.

Section 7.8. Rebate Fund. (a) The Rebate Fund shall be for the sole benefit of the United States of America and shall not be subject to the claim of any other Person, including without limitation, the Funding Lender. The Rebate Fund is established for the purpose of complying with Section 148 of the Code. The money deposited in the Rebate Fund, together with all investments thereof and income from investments therefrom, shall be held in trust and applied solely as provided in this Section. Notwithstanding the foregoing, the Fiscal Agent with respect to the Rebate Fund is afforded all the rights, protections and immunities otherwise accorded to it hereunder.

(b) The Fiscal Agent shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. The Fiscal Agent shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund. The Fiscal Agent shall furnish to the Borrower all information reasonably requested by the Borrower with respect to the Governmental Lender Notes and investment of funds and

accounts maintained by the Fiscal Agent hereunder.

(c) (i) Within 30 days after each Computation Date, the Fiscal Agent, on behalf of the Governmental Lender, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its legal counsel and as provided in subsection (iii) below. The Fiscal Agent shall have no obligation to pay any amounts required to be rebated pursuant to this Section other than from moneys held in the Funds created under this Funding Loan Agreement or from other moneys provided to it by the Borrower.

(ii) Within five days after receipt from the Borrower or the Rebate Analyst of written notification of any amount due to the United States of America pursuant to Section 1.148-3(h) of the Regulations accompanied by relevant IRS forms including IRS Form 8038-T, the Fiscal Agent shall withdraw from the Rebate Fund an amount which when added to all prior payments to the United States of America equals the correct appropriate portion of the Rebate Amount, plus any penalties and interest and pay such correction amount to the United States of America.

(iii) All payments to the United States of America pursuant to this subsection shall be made by the Fiscal Agent for the account and in the name of the Governmental Lender and shall be paid by draft posted by certified United States Mail (return receipt requested), addressed to the appropriate Internal Revenue Service Center (and, if appropriate, accompanied by the relevant Internal Revenue Service Form, such as Form 8038-T or such other statements, explanations or forms required pursuant to the Regulations or other Internal Revenue Service promulgations).

(d) The Fiscal Agent shall preserve all statements, forms, and explanations received from the Borrower or the Governmental Lender pursuant to this Section and all records of transactions in the Rebate Fund until six years after the discharge of the Governmental Lender Notes.

(e) The Fiscal Agent may conclusively rely on the information provided, instructions of and forms prepared by the Borrower or the Rebate Analyst with regard to any actions to be taken by it, including payments to be made, pursuant to this Section and shall have no liability for any consequences of any failure of the Borrower or Rebate Analyst to supply accurate or sufficient instructions or to compute correctly any payment due pursuant to this Section. The Fiscal Agent shall have no responsibility or duty to perform any rebate calculation or to expend its own funds to make any rebate payments.

(f) If at any time during the term of this Funding Loan Agreement the Borrower or the Governmental Lender desires to take any action which would otherwise be prohibited by the terms of this Section, such person shall be permitted to take such action if it shall first obtain and provide at the expense of the Borrower to the other persons named herein an opinion of Governmental Lender Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Governmental Lender Notes from gross income of the owners of the Governmental Lender Notes for Federal income tax purposes and shall be in compliance with the laws of the State of

Texas.

(g) Notwithstanding any provision of this Funding Loan Agreement or the other Funding Loan Documents, the Fiscal Agent shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling, or other judicial or administrative interpretation thereof, including, without limitation, the calculation of amounts required to be paid the United States of America or the determination of the maximum amount which may be invested in “nonpurpose investments” having a higher yield than the yield on the Governmental Lender Notes, in connection with any such investments. The method of calculation and determination required by section 148 of the Code shall be accomplished by a Rebate Analyst engaged by the Borrower. The Fiscal Agent shall not be liable or responsible for the negligence or misconduct of the Rebate Analyst. The Fiscal Agent shall not be liable or responsible for monitoring the compliance by the Borrower or the Governmental Lender of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof (except for the administrative functions described in this Section and in this Funding Loan Agreement), it being acknowledged and agreed that the sole obligation of the Fiscal Agent in this regard shall be (i) to invest the moneys received by the Fiscal Agent pursuant to the written instructions of the Borrower in the specific investments identified by the Borrower or, in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Funding Loan Agreement and (ii) to follow instructions contained in this Section and in this Funding Loan Agreement. The Fiscal Agent shall not be liable for the Governmental Lender Notes becoming "arbitrage bonds" within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Funding Loan Agreement.

Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

ARTICLE VIII REPRESENTATIONS AND COVENANTS

Section 8.1. General Representations. The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a public nonprofit corporation, organized and existing under the laws of the State of Texas, has the power and authority to (i) enter into the Funding Loan Documents to which it is a party and the transactions contemplated thereby, (ii) incur the special limited obligation represented by the Governmental Lender Notes and the Funding Loan and apply the proceeds of such obligation or loan to finance the Project and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Notes, and by proper action has duly authorized the Governmental Lender’s execution and delivery of, and its performance under, such Funding Loan Documents and all other agreements and instruments relating thereto.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance

with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into the Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby, and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental Lender is making no representations as to the necessity of registering the Borrower Notes pursuant to any securities laws or complying with any other requirements of securities laws).

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents or (v) any authority or proceedings relating to the execution and delivery of such Funding Loan Documents on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Notes and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than this funding loan as evidenced by the Governmental Lender Notes.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE GOVERNMENTAL LENDER NOTE OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

Section 8.2. No Encumbrance on Security. The Governmental Lender will not knowingly create any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

Section 8.3. Repayment of Governmental Lender Notes. Subject to the provisions of Article V hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Governmental Lender Notes as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement but only from available Pledged Revenues.

Section 8.4. Servicer. The Funding Lender may appoint a Servicer to service and administer the Funding Loan and/or the Borrower Loan on behalf of the Funding Lender and the Fiscal Agent, including without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

Section 8.5. Borrower Loan Agreement Performance.

(a) The Funding Lender, the Fiscal Agent and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated to) perform and observe any such agreement or covenant of the Governmental Lender under the Borrower Loan Agreement, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

(b) The Fiscal Agent will promptly notify the Borrower, the Governmental Lender, the Servicer, if any, and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Fiscal Agent has received Written Notice thereof.

Section 8.6. Maintenance of Records; Inspection of Records.

(a) The Fiscal Agent shall keep and maintain records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Governmental Lender Notes and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Governmental Lender Notes, subject to the inspection of the Funding Lender and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender and the Fiscal Agent will at any and all times, upon the reasonable request of the Servicer, if any, the Borrower, the Fiscal Agent, the Governmental Lender or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender or the Fiscal Agent, as appropriate, relating to the Project and the Governmental Lender Notes, if any, and to make copies thereof.

Section 8.7. Tax Covenants.

(a) *Governmental Lender's Covenants.* The Governmental Lender represents, covenants and agrees that:

(1) The Governmental Lender shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on the Governmental Lender Notes to become includable in the gross income, as defined in section 61 of the Code, of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Governmental Lender shall

have received a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on the Governmental Lender Notes, the Governmental Lender shall comply with each of the specific covenants in this Section.

(2) The Governmental Lender shall not direct or make any investment of the proceeds of the Governmental Lender Notes or any other funds of the Governmental Lender in a manner which would result in the Governmental Lender Notes becoming “arbitrage bonds” within the meaning of section 148 of the Code or “hedge bonds” within the meaning of section 149 of the Code. In the event the Governmental Lender or the Borrower is of the opinion that it is necessary to restrict or limit the Yield on the investment of any money paid to or held by the Fiscal Agent hereunder in order to avoid classification of the Governmental Lender Notes as “arbitrage bonds” or “hedge bonds,” the Governmental Lender or the Borrower may issue to the Fiscal Agent a written instrument to such effect (along with appropriate written instructions), in which event the Fiscal Agent will take such action as is necessary to effect such written instructions so to restrict or limit the Yield on such investment in accordance with such instrument and instructions, irrespective of whether the Fiscal Agent shares such opinion. The Fiscal Agent may conclusively rely upon any such instructions and shall not be responsible for any loss resulting from investment of any money held hereunder in accordance with such instructions.

(3) Except to the extent permitted by section 149(b) of the Code and Regulations and rulings thereunder, the Governmental Lender shall not take or omit to take any action which would cause the Governmental Lender Notes to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(4) The Governmental Lender shall timely file or cause to be timely filed the information required by section 149(e) of the Code with the Secretary of the Treasury on such form and in such place as such Secretary may prescribe.

(5) Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Governmental Lender shall not, at any time prior to the earlier of the stated maturity or final payment of the Governmental Lender Notes enter into any transaction that reduces the amount required to be paid to the United States pursuant to Section 7.8 hereof because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Governmental Lender Notes not been relevant to either party.

(6) The Governmental Lender hereby directs the Borrower to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as it deems necessary or appropriate in connection with the Governmental Lender Notes.

(7) The weighted average maturity of the Governmental Lender Notes does not exceed 120% of the reasonably expected economic life, within the meaning of section 147(b) of the Code, of the Project.

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificates, which are by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full, and by its acceptance of this Funding Loan Agreement the Fiscal Agent acknowledges receipt of the Tax Certificates and acknowledges their incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable to it.

(b) Fiscal Agent's Covenants. The Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with its covenants and the terms of this Funding Loan Agreement. The Fiscal Agent covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other Funding Loan Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Governmental Lender Notes to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Governmental Lender Notes to be includable in gross income for federal income tax purposes; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it follows the written directions of the Borrower, the Governmental Lender, the Governmental Lender Counsel or the Rebate Analyst or Section 7.7(f) hereof in the absence of direction. This covenant shall extend, throughout the term of the Governmental Lender Notes, to all funds created under this Funding Loan Agreement and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Funding Loan Agreement, the Fiscal Agent obligates itself to comply throughout the term of the Funding Loan with the requirements of Sections 103(b) and 148 of the Code; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it follows the written directions of the Borrower, the Governmental Lender, Governmental Lender Counsel or the Rebate Analyst. The Fiscal Agent further covenants that should the Governmental Lender or the Borrower file with the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so file), or should the Fiscal Agent receive, an opinion of Governmental Lender Counsel to the effect that any proposed investment or other use of proceeds of the Governmental Lender Notes would cause the Governmental Lender Notes to become "arbitrage bonds," then the Fiscal Agent will comply with any written instructions of the Governmental Lender, the Borrower or the Governmental Lender Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Governmental Lender Notes from becoming "arbitrage bonds," and the Fiscal Agent will bear no liability to the Governmental Lender, the Borrower or the Funding Lender for investments made in accordance with such instructions.

Section 8.8. Performance by the Borrower. Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under the Borrower Loan Agreement exists.

Section 8.9. Maintenance of Records. The Funding Lender shall keep and maintain adequate records pertaining to funds and accounts relative to the Borrower Loan not established

with the Fiscal Agent, if any, including all deposits to and disbursements from said funds and accounts and will provide information and records relating thereto to the Fiscal Agent or the Governmental Lender upon request.

ARTICLE IX DEFAULT; REMEDIES

Section 9.1. Events of Default. Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or Governmental body):

(a) A default in the payment of any interest upon the Governmental Lender Notes when such interest becomes due and payable; or

(b) A default in the payment of principal of, or premium on, the Governmental Lender Notes when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given Written Notice, as provided in Section 12.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender or the Borrower on its behalf has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender or Borrower is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender or Borrower on its behalf shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended by the Written Direction of the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" (as defined in the applicable agreement) under any of the other Funding Loan Documents (taking into account any applicable notice, grace or cure periods therein).

Section 9.2. Provisions Regarding Any Default and Acceleration.

(a) In the event of an Event of Default, the Funding Lender, in its discretion, may accelerate the amounts due hereunder and under the Borrower Loan Agreement and take other remedial actions available hereunder or thereunder. The Funding Lender may, in its discretion, upon the acceleration of the Borrower's obligations under the Borrower Loan Documents, give

Written Direction to the Fiscal Agent to simultaneously accelerate the maturity of the Governmental Lender Notes and apply any funds available hereunder to the payment of the Governmental Lender Notes (after paying the fees and expenses of the Fiscal Agent and the Governmental Lender). The Governmental Lender shall cooperate with the Fiscal Agent and the Funding Lender in exercising rights and remedies under the Funding Loan Documents and the Borrower Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Funding Loan Agreement, the Borrower Loan Agreement and Regulatory Agreement. The Fiscal Agent shall take Written Direction from the Funding Lender with respect to the foregoing matters. Funding Lender will provide written notice of any such acceleration to Governmental Lender, Borrower and Equity Investor.

(b) At any time after a declaration of acceleration has been made pursuant to paragraph (a) of this Section, the Funding Lender may by Written Notice to the Governmental Lender, with a copy to the Fiscal Agent, rescind and annul such declaration and its consequences if:

(1) There has been deposited with the Fiscal Agent a sum sufficient to pay (i) all overdue installments of interest on the Governmental Lender Notes, (ii) the principal of and Prepayment Premium on the Governmental Lender Notes that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Governmental Lender Notes, (iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Governmental Lender Notes, and (iv) all sums paid or advanced by the Funding Lender and the Fiscal Agent and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, the Fiscal Agent, and their agents and counsel (but only to the extent not duplicative with subclauses (i) and (iii) above); and

(2) All Events of Default, other than the non-payment of the principal of the Governmental Lender Note which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

Section 9.3. Additional Remedies; Funding Lender Enforcement.

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition

to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights in this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(1) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(2) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(3) to service and administer the Governmental Lender Note as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(4) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Notes or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the interest on the Governmental Lender Notes, and provided that the Governmental Lender may enforce specific performance with respect to the Reserved Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 5.14 or 5.15 of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 9.14 hereof).

Section 9.4. Application of Money Collected. Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents, other than with respect to principal and interest accrued on the Governmental Lender Note, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Governmental Lender Note, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Governmental Lender Notes) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Governmental Lender Notes; provided, however, that partial interests in any portion of the Governmental Lender Notes shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, if any, the provisions of the Servicing Agreement shall control (except for the obligation to pay items listed under (a) above).

Section 9.5. Remedies Vested in Funding Lender. All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Notes may be prosecuted and enforced by the Funding Lender without the possession of the Governmental Lender Notes or the production thereof in any proceeding relating thereto.

Section 9.6. Restoration of Positions. If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender

and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

Section 9.7. Rights and Remedies Cumulative. No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 9.8. Delay or Omission Not Waiver. No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

Section 9.9. Waiver of Past Defaults. Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender, the Fiscal Agent and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Reserved Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

Section 9.10. Remedies Under Borrower Loan Agreement or Borrower Note. As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Notes (provided any applicable notice, cure or grace periods have expired), whether or not the Governmental Lender Note has been accelerated or declared due and payable by reason of an Event of Default.

Section 9.11. Waiver of Appraisal and Other Laws.

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

Section 9.12. Suits to Protect the Security. The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any Governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

Section 9.13. Remedies Subject to Applicable Law. All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

Section 9.14. Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

**ARTICLE X
AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT
AND OTHER DOCUMENTS**

Section 10.1. Amendment of Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender, the Governmental Lender and the Fiscal Agent, provided, however, no such amendment or waiver which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower and the Equity Investor, provided further, that if the Borrower is in default under any Funding Loan Document (beyond any applicable notice, grace or cure periods), no Borrower consent shall be required unless such amendment or waiver has a material adverse effect on the rights, duties,

obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender, the Fiscal Agent or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender. The Fiscal Agent shall sign any amendment or waiver instrument authorized pursuant to this Article X, if the amendment or waiver, in the sole discretion of the Fiscal Agent, does not adversely affect the rights, duties, liabilities or immunities of the Fiscal Agent.

Section 10.2. Amendments Require Funding Lender Consent. Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender.

Section 10.3. Consents and Opinions. No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until (i) the Funding Lender shall have Approved in Writing the same in its sole discretion and (ii) the Funding Lender, Governmental Lender and the Fiscal Agent shall have received, at the expense of the Borrower, a Governmental Lender Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment or waiver is authorized and complies with the provisions of this Funding Loan Agreement, including this Article X and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE XI THE FISCAL AGENT

Section 11.1. Appointment of Fiscal Agent; Acceptance. The Governmental Lender hereby appoints Regions Bank, a banking corporation organized and existing under the laws of the State of Alabama, as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

Section 11.2. Certain Duties and Responsibilities of Fiscal Agent.

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an Event of Default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, unless directed otherwise by the Funding Lender and subject to Section 11.2(c)(3) hereof, use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such prudent person's own affairs.

(c) The Fiscal Agent shall not be liable for any acts or omissions, except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Fiscal Agent's gross negligence or willful

misconduct; provided, however, no provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of competent jurisdiction, except that:

(1) This paragraph shall not be construed to limit the effect of paragraph (a) of this Section;

(2) The Fiscal Agent shall not be liable for any action taken, or error of judgment made in good faith, by any of its officers, employees or agents unless it shall be proved that the Fiscal Agent was grossly negligent in ascertaining the pertinent facts;

(3) The Fiscal Agent shall be entitled to request and receive, and shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and

(4) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Borrower Loan Documents to which it is a party and other related documents, solely in its capacity as Fiscal Agent. The Fiscal Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than the Funding Loan Documents to which it is a party, whether or not an original or a copy of such other agreement, instrument or document has been provided to the Fiscal Agent. The Fiscal Agent shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than the Funding Loan Documents to which it is a party.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section.

(e) The Fiscal Agent may, at the expense of Borrower, request and conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and act upon certificates, reports or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

(g) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 shall extend to actions taken or omitted in its role as assignee of the Governmental Lender under the Borrower Loan Agreement and the other Funding Loan Documents.

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

(i) In no event shall the Fiscal Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Fiscal Agent shall not be liable for any amount in excess of the value of the Security.

Section 11.3. Notice of Defaults. Upon the occurrence of any default hereunder or under any Borrower Loan Document and provided that a Responsible Officer of the Fiscal Agent has actual knowledge of or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

Section 11.4. Certain Rights of Fiscal Agent. Except as otherwise provided in Section 11.1 hereof:

(a) The Fiscal Agent may request at the expense of the Borrower, may conclusively rely on, and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein;

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Governmental Lender Representative;

(c) Whenever in the administration of this Funding Loan Agreement or any Borrower Loan Document the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, at the expense of the Borrower, request and rely upon a Written Certificate of the Governmental Lender, the Funding

Lender, the Servicer or the Borrower, as appropriate, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such certificates;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any Borrower Loan Document at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own gross negligence or willful misconduct;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of its powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel or other professionals of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Notice of such default by the Governmental Lender, the Servicer or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the Corporate Trust Office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

(h) Notwithstanding anything to the contrary contained herein, the Borrower shall defend, release, indemnify and hold harmless the Fiscal Agent and its directors, officers, employees and agents from any and against all liabilities, losses, actions, suits or proceedings at law or in equity, and any other expenses, fees or charges of any character or nature (including, without limitation, reasonable attorney's fees and expenses and the reasonable costs of enforcement of this Funding Loan Agreement or any provision thereof), which such parties may incur or be threatened by reason of acting as or on behalf of the Fiscal Agent under this Funding Loan Agreement, except to the extent the same shall have been finally adjudicated by a court of

competent jurisdiction to have been directly caused by the Fiscal Agent's gross negligence or willful misconduct. The indemnity contained in this paragraph shall not apply to any consequential, indirect or punitive damages. The terms of this indemnity shall survive the termination of this Funding Loan Agreement or the earlier resignation or removal of the Fiscal Agent.

Section 11.5. Not Responsible for Recitals. The recitals contained herein and in the Governmental Lender Notes shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Governmental Lender Notes.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Governmental Lender Notes.

The Fiscal Agent shall not be required to monitor the performance or financial condition of the Borrower or the physical condition of the Project. The Fiscal Agent shall not have any liability in connection with the malfeasance or nonfeasance by any party other than itself. The Fiscal Agent may assume performance by all such Persons of their respective obligations. The Fiscal Agent shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

The Fiscal Agent makes no representations as to and shall have no responsibility for the sufficiency of the insurance required under any of the Borrower Loan Documents.

Section 11.6. May Hold Governmental Lender Notes. The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Governmental Lender Notes and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

Section 11.7. Moneys Held in Trust. Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

Section 11.8. Compensation and Reimbursement. Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the

Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's gross negligence or willful misconduct, both as finally adjudicated by a court of competent jurisdiction.

When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Governmental Lender Notes or the Borrower Loan or the release of this Funding Loan Agreement.

Section 11.9. Fiscal Agent Required; Eligibility. Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender and the Governmental Lender in their sole and absolute discretion.

Section 11.10. Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 30 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 45 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, with the Written Consent of the Funding Lender, (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), with the Written Consent

of the Funding Lender and the Governmental Lender, or (iii) the Funding Lender by Written Notice delivered to the Fiscal Agent, the Governmental Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

Section 11.11. Acceptance of Appointment by Successor.

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Fiscal Agent upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights, powers and trusts.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article, to the extent operative.

Section 11.12. Merger, Conversion, Consolidation or Succession to Business. Any corporation or association into which the Fiscal Agent may be converted or merged or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Governmental Lender and Funding Lender within 30 days of such succession.

Section 11.13. Appointment of Co-Fiscal Agent. It is the purpose of this Funding Loan Agreement that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

The Fiscal Agent will not be responsible for the negligence or misconduct of a separate

fiscal agent or co-fiscal agent, and no separate fiscal agent or co-fiscal agent shall be responsible for the negligence or misconduct of the Fiscal Agent.

Section 11.14. Loan Servicing. The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender shall have the right to appoint a Servicer to service and administer the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

Section 11.15. No Recourse Against Officers or Employees of Fiscal Agent. No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

ARTICLE XII MISCELLANEOUS

Section 12.1. Notices. All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Borrower:	Cairn Point Montopolis, LP c/o Vecino Bond Group 305 W. Commercial Street Springfield, Missouri 65803 Attention: Rick Manzardo Phone: (417) 720-1577
With a copy to:	The Banks Law Firm 2929 Allen Parkway, Suite 200 Houston, Texas 77019 Attention: Antoinette M. Jackson Phone: (832) 954-2534
With a copy to:	Family Eldercare 9201 N. Central Expressway, 4 th Floor Dallas, Texas 75231 Attention: _____ Phone: (____) _____
With a copy to:	Shackelford, McKinley & Norton, LLP 9201 N. Central Expressway, 4 th Floor

Dallas, Texas 75231
Attention: John C. Shackelford
Phone: (214) 780-1414

With a copy to:

TSAHC Cairn Point GP, LLC
c/o Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: President
Phone: (512) 477-3553

With a copy to:

Polsinelli PC
201 E. Las Olas Boulevard, Suite 2250B
Fort Lauderdale, FL, 33301
Attention:
Phone:

With a copy to:

Coats Rose, P.C.
2700 Via Fortuna, Suite 350, Terrace 2
Austin, Texas 78746
Attention: Sarah Scott
Phone: (512) 684-3841

If to the Governmental
Lender:

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: President
Phone: (512) 477-3553

With a copy to:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Paul Braden
Phone: (214) 855-8189
Email: paul.braden@nortonrosefulbright.com

And with a copy to:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Robert D. Dransfield
Phone: (214) 855-8068
Email: robert.dransfield@nortonrosefulbright.com

If to the Funding Lender: Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Transaction and Asset Management Group
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438

With a copy to: Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438
Facsimile: (805) 557 0924

With a copy to: Sidley Austin
787 Seventh Avenue
New York, New York 10019
Attention: Aviva Yakren, Esq.
Phone: (212) 839-5682

Prior to the Conversion Date,
with a copy to: Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Account Specialist
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438
Facsimile: (212) 723-8209

Following the Conversion
Date, with a copy to: Citibank, N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438
Facsimile: (215) 328-0305

And a copy of any notices of
default sent to: Citibank, N.A.
388 Greenwich Street, 17th Floor
New York, New York 10013
Attention: General Counsel's Office
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438
Facsimile: (646) 291-5754

If to the Fiscal Agent:

Regions Bank
1717 McKinney Avenue, 11th Floor
Dallas, Texas 75202
Attention: _____
Facsimile: (214) _____
Email: _____@regions.com

If to the Equity Investor:

_____, ____
Attention: _____
Facsimile: () _____

With a copy to:

_____, ____
Attention: _____
Facsimile: () _____

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing Written Notice of such change of address to all of the parties by Written Notice as provided herein.

Section 12.2. Term of Funding Loan Agreement. This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Governmental Lender Notes have been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

Section 12.3. Successors and Assigns. All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

Section 12.4. Legal Holidays. In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

Section 12.5. Governing Law. This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than that of the State. The Fiscal Agent's rights, duties, power and obligations hereunder are governed entirely by the terms and provisions of this Funding Loan Agreement and the Regulatory Agreement. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in the state of Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

Section 12.6. Severability. If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Notes or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

Section 12.7. Execution in Several Counterparts. This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original. The exchange of copies of this Funding Loan Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument to the parties hereto and may be used in lieu of the original instrument for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

Section 12.8. Nonrecourse Obligation of the Borrower. Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the case may be, and the provisions of Section 11.1 of the Borrower Loan Agreement are by this reference incorporated herein.

Section 12.9. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO

ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Section 12.10. Electronic Transactions. The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Notwithstanding the foregoing, original executed versions of each of the Funding Loan Documents shall be delivered to the Funding Lender in connection with the closing of the transactions described herein.

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

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

CITIBANK, N.A., as Funding Lender

By: _____
Name: Catherine Lee
Title: Authorized Signatory

REGIONS BANK, as Fiscal Agent

By: _____
Name:
Title:

TEXAS STATE AFFORDABLE HOUSING CORPORATION, as Governmental Lender

By: _____
David Long, President

EXHIBIT A-1

FORM OF SERIES A-1 GOVERNMENTAL LENDER NOTE

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
MULTIFAMILY MORTGAGE REVENUE NOTE
(CAIRN POINT MONTOPOLIS APARTMENTS) SERIES 2025A-1**

DATED FEBRUARY _____, 2025

\$_[_____]

No. _____

FOR VALUE RECEIVED, the undersigned TEXAS STATE AFFORDABLE HOUSING CORPORATION, a Texas public nonprofit corporation, organized and existing under the laws of the State of Texas ("Obligor" or "Governmental Lender"), promises to pay to the order of CITIBANK, N.A., as the registered owner hereof or its registered assigns ("Holder"), the principal sum of _____ Million _____ Hundred Thousand Dollars (\$[_____]), on _____ 1, 20____ (the "Maturity Date"), or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below, but solely from the Security pledged therefor, including Pledged Revenues available for such purpose.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of February 1, 2025 (the "Funding Loan Agreement"), among Obligor, Regions Bank, as fiscal agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on this Governmental Lender Note is payable, interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The principal of, premium, if any, and interest on this Governmental Lender Note is payable at the designated corporate trust office of the Fiscal Agent. Payment of all amounts hereunder shall be in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

This Governmental Lender Note is a pass-through obligation relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of this Governmental Lender Note to Cairn Point Montopolis, LP, a Texas limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of February 1, 2025 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower, evidenced by the Borrower Notes (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Series A-1 Borrower Note for complete payment and prepayment terms of the Series A-1 Borrower Note, payments on which are passed-through under this Governmental Lender Note. An estimated amortization schedule for this Governmental Lender Note and the Series A-1 Borrower Note is attached hereto as Schedule 1.

THIS GOVERNMENTAL LENDER NOTE IS ISSUED UNDER THE PROVISIONS OF SUBCHAPTER Y OF CHAPTER 2306, TEXAS GOVERNMENT CODE, AS AMENDED (THE "ACT"). THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THIS NOTE AND THE FULL FAITH AND CREDIT AND TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THIS NOTE.

This Governmental Lender Note is a special limited obligation of the Obligor, payable solely from the Pledged Revenues and the other funds and moneys and security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Governmental Lender Note or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

Notwithstanding any other provision of the Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THIS GOVERNMENTAL LENDER NOTE SOLELY OUT OF THE SECURITY, INCLUDING PLEDGED REVENUES. THIS GOVERNMENTAL LENDER NOTE SHALL BE A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE SECURITY, INCLUDING PLEDGED REVENUES. THIS GOVERNMENTAL LENDER NOTE SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE SECURITY, WHICH IS PLEDGED TO SECURE THE**

PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS GOVERNMENTAL LENDER NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THIS GOVERNMENTAL LENDER NOTE DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF TEXAS (THE "STATE") OR ANY MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT THE STATE OR OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE GOVERNMENTAL LENDER NOTES. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS NOTE AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

Neither the directors, officers, agents or employees of the Governmental Lender nor any person executing this Governmental Lender Note shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance of this Governmental Lender Note, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Funding Loan Agreement and the issuance of this Governmental Lender Note.

This Governmental Lender Note shall not be entitled to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Governmental Lender Note is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Governmental Lender Note to render the same lawful and valid have been properly done and performed and have happened in regular

and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Governmental Lender or to have happened precedent to or in the execution and delivery of the Funding Loan Agreement have been done and performed and have happened in regular and due form as required by law.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note or caused this Governmental Lender Note to be duly executed and delivered with the facsimile or manual signature by its authorized representative as of the date first set forth above.

TEXAS STATE AFFORDABLE HOUSING CORPORATION, as Governmental Lender

By: _____
[David Long, President]
[Janie Taylor, Executive Vice President]

ATTEST:

By: _____
Rebecca DeLeon, Secretary

CERTIFICATE OF AUTHENTICATION

This Governmental Lender Note is issued under the provisions of and described in the within mentioned Funding Loan Agreement.

Date of Authentication: _____

REGIONS BANK,
as Fiscal Agent

By: _____
Authorized Signer

ASSIGNMENT

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

Dated: _____

Signature

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name as it
appears upon the face of the within Governmental Lender Note in every particular,
without alteration or any change whatsoever.

SCHEDULE 1

GOVERNMENTAL LENDER NOTE AMORTIZATION SCHEDULE

Prior to the Conversion Date, Borrower shall make monthly payments of accrued and unpaid interest at the Fixed Rate identified on Schedule A of the Series A-1 Borrower Note and, commencing on the First Payment Date following the Conversion Date, monthly principal and interest payments consisting of accrued and unpaid interest at the Fixed Rate identified on Schedule A of the Series A-1 Borrower Note and principal in an amount equal to the Borrower Loan principal payable that month. Any remaining principal and interest, if not sooner paid, shall be due and payable on the Maturity Date. The amortization schedule that follows is subject to adjustment at the time of Conversion based on the final Conversion Date, the Earn-Out (as defined in the Construction Funding Agreement) and the final Permanent Period Amount (as defined in the Construction Funding Agreement).

[See Attached Amortization Schedule]

EXHIBIT A-2

FORM OF SERIES A-2 GOVERNMENTAL LENDER NOTE

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**TEXAS STATE AFFORDABLE HOUSING CORPORATION
MULTIFAMILY MORTGAGE REVENUE NOTE
(CAIRN POINT MONTOPOLIS APARTMENTS) SERIES 2025A-2**

DATED FEBRUARY _____, 2025

\$_[_____]

No. _____

FOR VALUE RECEIVED, the undersigned TEXAS STATE AFFORDABLE HOUSING CORPORATION, a Texas public nonprofit corporation, organized and existing under the laws of the State of Texas ("Obligor" or "Governmental Lender"), promises to pay to the order of CITIBANK, N.A., as the registered owner hereof or its registered assigns ("Holder"), the principal sum of _____ Million _____ Hundred Thousand Dollars (\$[_____]), on _____ 1, 20____ (the "Maturity Date"), or as otherwise provided herein or in the Series A-2 Borrower Note, together with interest thereon at the rates, at the times and in the amounts provided below, but solely from the Security pledged therefor, including Pledged Revenues available for such purpose.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of February 1, 2025 (the "Funding Loan Agreement"), among Obligor, Regions Bank, as fiscal agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on this Governmental Lender Note is payable, interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The principal of, premium, if any, and interest on this Governmental Lender Note is payable at the designated corporate trust office of the Fiscal Agent. Payment of all amounts hereunder shall be in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

This Governmental Lender Note is a pass-through obligation relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of this Governmental Lender Note to Cairn Point Montopolis, LP, a Texas limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of February 1, 2025 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower, evidenced by the Borrower Notes (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Series A-2 Borrower Note for complete payment and prepayment terms of the Series A-2 Borrower Note, payments on which are passed-through under this Governmental Lender Note.

THIS GOVERNMENTAL LENDER NOTE IS ISSUED UNDER THE PROVISIONS OF SUBCHAPTER Y OF CHAPTER 2306, TEXAS GOVERNMENT CODE, AS AMENDED (THE "ACT"). THE STATE OF TEXAS IS NOT OBLIGATED TO PAY THE PRINCIPAL OF OR ANY PREMIUM OR INTEREST ON THIS NOTE AND THE FULL FAITH AND CREDIT AND TAXING POWER OF THE STATE OF TEXAS ARE NOT PLEDGED, GIVEN, OR LOANED TO THE PAYMENT OF THIS NOTE.

This Governmental Lender Note is a special limited obligation of the Obligor, payable solely from the Pledged Revenues and the other funds and moneys and security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Governmental Lender Note or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

Notwithstanding any other provision of the Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL LENDER NOTE SOLELY OUT OF THE SECURITY, INCLUDING PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTE SHALL BE A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE SECURITY, INCLUDING PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTE SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTE AND WHICH SHALL BE UTILIZED FOR NO**

OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THE GOVERNMENTAL LENDER NOTE DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF TEXAS (THE "STATE") OR ANY MUNICIPALITY, CITY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT THE STATE OR OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE GOVERNMENTAL LENDER NOTES. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS NOTE AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE.

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any,

due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

Neither the directors, officers, agents or employees of the Governmental Lender nor any person executing this Governmental Lender Note shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance of this Governmental Lender Note, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Funding Loan Agreement and the issuance of this Governmental Lender Note.

This Governmental Lender Note shall not be entitled to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Governmental Lender Note is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Governmental Lender Note to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Governmental Lender or to have happened precedent to

or in the execution and delivery of the Funding Loan Agreement have been done and performed and have happened in regular and due form as required by law.

[Signature page follows.]

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note or caused this Governmental Lender Note to be duly executed and delivered with the facsimile or manual signature by its authorized representative as of the date first set forth above.

TEXAS STATE AFFORDABLE HOUSING CORPORATION, as Governmental Lender

By: _____
[David Long, President]
[Janie Taylor, Executive Vice President]

ATTEST:

By: _____
Rebecca DeLeon, Secretary

CERTIFICATE OF AUTHENTICATION

This Governmental Lender Note is issued under the provisions of and described in the within mentioned Funding Loan Agreement.

Date of Authentication: _____

REGIONS BANK,
as Fiscal Agent

By: _____
Authorized Signer

ASSIGNMENT

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

Dated: _____

Signature

Signature Guaranteed:

NOTICE: The assignor's signature to this assignment must correspond with the name as it
appears upon the face of the within Governmental Lender Note in every particular,
without alteration or any change whatsoever.

EXHIBIT B

FORM OF REQUIRED TRANSFEREE REPRESENTATIONS LETTER

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752

Regions Bank, as Fiscal Agent
Attn: Corporate Trust Department
1717 McKinney Avenue, 11th Floor
Dallas, Texas 75202

RE: Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2

Ladies and Gentlemen:

The undersigned representative of Citibank, N.A. (the "Purchaser"), the purchaser of the above-referenced notes (the "Governmental Lender Notes"), does hereby certify, represent and warrant for the benefit of the Texas State Affordable Housing Corporation (the "Governmental Lender") and Regions Bank, as fiscal agent (the "Fiscal Agent"), that the Purchaser is an Approved Transferee, as defined in the Funding Loan Agreement, dated as of February 1, 2025, among Citibank, N.A., as Funding Lender, the Governmental Lender and the Fiscal Agent (the "Funding Loan Agreement").

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Governmental Lender and the Fiscal Agent, as follows:

(1) The Purchaser is purchasing such Governmental Lender Notes with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof; provided, however, that the Purchaser reserves the right to transfer the Governmental Lender Notes as provided in the Funding Loan Agreement.

(2) The Purchaser has such knowledge and experience in business and financial matters including (i) the evaluation of residential real estate developments such as the Project, (ii) the evaluation of the capabilities of persons such as the Borrower (as hereinafter defined) to develop, operate and maintain the Project, and (ii) the analysis, purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Governmental Lender Notes, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Purchaser has no need for liquidity in such investment and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Governmental Lender Notes by the Governmental Lender. The Purchaser either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Governmental Lender, Cairn Point Montopolis, LP (the "Borrower"), and its credit standing, the Borrower Loan Agreement, dated as of February 1, 2025, between the Governmental Lender and the Borrower (the "Borrower Loan Agreement"), the Funding Loan Agreement, and the Governmental Lender Notes so that, as a sophisticated investor, the Purchaser has been able to make its decision to purchase the Governmental Lender Notes.

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

(5) THE PURCHASER UNDERSTANDS THAT:

(i) THE GOVERNMENTAL LENDER NOTES HAVE BEEN ISSUED UNDER SUBCHAPTER Y OF CHAPTER 2306, TEXAS GOVERNMENT CODE, AS AMENDED, AND THE GOVERNMENTAL LENDER NOTES DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF TEXAS (THE "STATE") OR ANY MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. NEITHER THE FAITH AND CREDIT THE STATE OR OTHER POLITICAL SUBDIVISION OF THE STATE IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE GOVERNMENTAL LENDER NOTES; AND

(ii) THE GOVERNMENTAL LENDER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES ARE PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE FISCAL AGENT ON BEHALF OF THE GOVERNMENTAL LENDER UNDER THE BORROWER LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE FUNDING LOAN AGREEMENT.

(6) The Purchaser understands that in connection with any proposed transfer or exchange of Governmental Lender Notes, except as otherwise provided in the Funding Loan Agreement, there must be delivered to the Fiscal Agent representations of the transferee in substantially the form of Exhibit B to the Funding Loan Agreement.

(7) The Purchaser understands that, in connection with any proposed transfer of the Governmental Lender Notes, such transfer must be limited to an Eligible Purchaser. "Eligible Purchaser" means a prospective transferee that the Purchaser has clear grounds to believe and does

believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

(8) THE PURCHASER INDEMNIFIES THE GOVERNMENTAL LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THE PURCHASER'S REQUIRED TRANSFEREE REPRESENTATIONS LETTER ARE FALSE IN ANY MATERIAL RESPECT.

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

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

IN WITNESS WHEREOF, I have hereunto set my hand the ____ day of _____, 2025.

PURCHASER

CITIBANK, N.A.

By: _____

Name: _____

Title: Authorized Signatory:

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

EXHIBIT C

**FORM OF WRITTEN REQUISITION
(Project Fund)**

Draw # _____

Regions Bank
Attn: Corporate Trust Department
1717 McKinney Avenue, 11th Floor
Dallas, Texas 75202

Re: Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and 2025A-2, dated February _____, 2025

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of February 1, 2025 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the Texas State Affordable Housing Corporation (the "Governmental Lender") and Regions Bank, as fiscal agent (the "Fiscal Agent"), pursuant to which the above-referenced notes (collectively, the "Governmental Lender Notes") was issued. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement.

1. You are requested to disburse funds in the amount of \$_____ from the [**Note Proceeds Account**] [**Borrower Equity Account**] of the Project Fund as Draw #_____ pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s) and to the person(s) as follows:

[Insert grid (see below) summarizing all funds, including amount, source and payee, which are being requisitioned from the Fiscal Agent pursuant to this requisition.]

<u>Amount</u>	<u>Funding Source</u>	<u>Payable to</u>

2. The undersigned certifies that:

(i) the obligation stated on this Requisition has been incurred in or about the acquisition, construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(ii) for any disbursements to be made from the Note Proceeds Account of the Project Fund, after taking into account the proposed disbursement:

- a. no more than 5% of the Net Proceeds of the Governmental Lender Note will have been used for costs that are not Qualified Project Costs;
- b. less than 25% of the Net Proceeds of the Governmental Lender Note will have been used for the cost of acquiring land; and
- c. not more than 2% of the Net Proceeds of the Governmental Lender Note will have been used for Costs of Issuance;

(iii) payment of the costs referenced herein will not violate any representation, warranty or covenant of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificates; and

(iv) as of the date hereof, no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement or under the Borrower Loan Agreement.

Dated: _____, 20__.

CAIRN POINT MONTOPOLIS, LP,
a Texas limited partnership

By: TSAHC Cairn Point GP, LLC,
a Texas limited liability company,
its general partner

By: Texas State Affordable Housing Corporation,
a Texas nonprofit corporation,
its sole member

By: _____
David Long, President

Approved by Funding Lender:

CITIBANK, N.A., as Funding Lender

By: _____

Name:

Title: Authorized Signatory

Date:

EXHIBIT D
FORM OF CLOSING COSTS REQUISITION

Regions Bank
Attn: Corporate Trust Department

Re: Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments), Series 2025A-1 and Series 2025A-2 dated February _____, 2025

The undersigned, an Authorized Representative of Cairn Point Montopolis, LP (the "Borrower"), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule "A" is a schedule of closing costs incurred in connection with the closing the above-described notes (the "Governmental Lender Notes"), including the names and addresses of the payees and the specific amounts payable to each such payee, and that to the best of the undersigned's information and belief, such amounts are true and correct.

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of February 1, 2025 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the Texas State Affordable Housing Corporation (the "Governmental Lender") and Regions Bank, as Fiscal Agent, pursuant to which the Governmental Lender Notes were issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule "A" hereto and pay such amounts to each such payee by wire transfer or by such other means as is acceptable to you and any such payee.

The Borrower hereby certifies that no more than 2% of the net proceeds of the Governmental Lender Note will have been used for Costs of Issuance.

Dated: _____, 20__.

CAIRN POINT MONTOPOLIS, LP,
a Texas limited partnership

By: TSAHC Cairn Point GP, LLC,
a Texas limited liability company,
its general partner

By: Texas State Affordable Housing Corporation,
a Texas nonprofit corporation,
its sole member

By: _____
David Long, President

Approved by Funding Lender:

CITIBANK, N.A.

By: _____

Name: _____

Title: Authorized Signatory

SCHEDULE "A"

Note:

Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2, dated February _____, 2025

Payee:

Amount:

Method of Payment:

Description of Expense:

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and 2025A-2

**Document No. 3:
Borrower Loan Agreement**

BORROWER LOAN AGREEMENT

Between

**TEXAS STATE AFFORDABLE HOUSING CORPORATION,
as Governmental Lender,**

and

**CAIRN POINT MONTOPOLIS, LP,
as Borrower**

Dated as of February 1, 2025

Relating to:

\$_[_____]

Series A-1 Governmental Lender Note purchased by CITIBANK, N.A., as Funding Lender

And

\$_[_____]

Series A-2 Governmental Lender Note purchased by CITIBANK, N.A., as Funding Lender

The interest of the Governmental Lender in this Borrower Loan Agreement (except for certain rights described herein) has been pledged and assigned to Regions Bank, as fiscal agent (the "Fiscal Agent") for the benefit of Citibank, N.A., as funding lender (the "Funding Lender") under that certain Funding Loan Agreement, of even date herewith, by and among Texas State Affordable Housing Corporation, the Fiscal Agent and the Funding Lender, under which the Funding Lender is purchasing the Governmental Lender Notes issued by the Governmental Lender, the proceeds of which are to be used to fund the Borrower Loan made under this Borrower Loan Agreement.

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BORROWER LOAN AGREEMENT

THIS BORROWER LOAN AGREEMENT (this "Borrower Loan Agreement") is entered into as of the 1st day of February 2025, between Texas State Affordable Housing Corporation, a public nonprofit corporation, organized and existing under the laws of the State of Texas (together with its successors and assigns, the "Governmental Lender") and Cairn Point Montopolis, LP, a Texas limited partnership (together with its successors and assigns, the "Borrower").

WITNESSETH:

RECITALS

WHEREAS, the Governmental Lender has been duly created and organized pursuant to and in accordance with the provisions of Subchapter Y of Chapter 2306, Texas Government Code, as amended (the "Act"); and

WHEREAS, pursuant to the Act, the Governmental Lender is authorized to issue bonds or notes and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental property for dwelling units; and

WHEREAS, the Borrower has applied to the Governmental Lender for a loan (the "Borrower Loan"), for the acquisition, construction and equipping of a 150-unit multifamily rental housing development to be located in the City of Austin, Travis County, Texas, and to be known as Cairn Point Montopolis (the "Project"); and

WHEREAS, the Borrower's repayment obligations under this Borrower Loan Agreement are evidenced by the Borrower Notes, as defined herein; and

WHEREAS, the Borrower has requested the Governmental Lender to enter into that certain Funding Loan Agreement, of even date herewith (the "Funding Loan Agreement"), among the Governmental Lender, Regions Bank, as fiscal agent (the "Fiscal Agent"), and Citibank, N.A. (the "Funding Lender"), under which the Funding Lender will purchase the Governmental Lender's Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025 A-1 (the "Series A-1 Governmental Lender Note") and the Governmental Lender's Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025 A-2 (the "Series A-2 Governmental Lender Note" and, together with the Series A-1 Governmental Lender Note, the "Governmental Lender Notes"), each issued by the Governmental Lender, the proceeds of which will be loaned under this Borrower Loan Agreement to the Borrower to finance the acquisition, construction and equipping of the Project; and

WHEREAS, the Borrower Loan is secured by, among other things, that certain Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (Texas) (as amended, restated and/or supplemented from time to time, the "Security Instrument"), of even date herewith in favor of the Governmental Lender, as assigned to the Fiscal Agent, to secure the Governmental Lender Notes, encumbering the Project, and will be advanced to Borrower pursuant to this Borrower Loan Agreement and the Construction Funding Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

ARTICLE I

DEFINITIONS; PRINCIPLES OF CONSTRUCTION

Section 1.1. Specific Definitions. For all purposes of this Borrower Loan Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Security Instrument or, if not defined in the Security Instrument, in the Funding Loan Agreement.

(b) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with GAAP.

(c) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(d) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(e) Unless otherwise specified, (i) all references to sections and schedules are to those in this Borrower Loan Agreement, (ii) the words "hereof," "herein" and "hereunder" and words of similar import refer to this Borrower Loan Agreement as a whole and not to any particular provision, (iii) all definitions are equally applicable to the singular and plural forms of the terms defined and (iv) the word "including" means "including but not limited to."

Section 1.2. Definitions. The following terms, when used in this Borrower Loan Agreement (including when used in the above recitals), shall have the following meanings:

"Act" shall mean Subchapter Y of Chapter 2306, Texas Government Code, as amended.

"Act of Bankruptcy" shall mean the filing of a petition in bankruptcy (or any other commencement of a bankruptcy or similar proceeding) under any applicable bankruptcy, insolvency, reorganization, or similar law, now or hereafter in effect; provided that, in the case of an involuntary proceeding, such proceeding is not dismissed within ninety (90) days after the commencement thereof.

"ADA" shall have the meaning set forth in Section 4.1.38 hereof.

"Additional Borrower Payments" shall mean the payments payable pursuant to Section 2.5 (Additional Borrower Payments), Section 2.6 (Overdue Payments; Payments in Default), Section 5.14 (Expenses), Section 3.3.3 of the Construction Funding Agreement (Borrower Loan in Balance) and Section 10 of the Borrower Notes (Prepayments).

"Agreement of Environmental Indemnification" shall mean the Agreement of Environmental Indemnification, of even date herewith, executed by the Borrower and Guarantor for the benefit of the Beneficiary Parties (as defined therein) and any lawful holder, owner or pledgee of the Borrower Note from time to time.

"Appraisal" shall mean an appraisal of the Project, which appraisal shall be (i) performed by a qualified appraiser licensed in the State selected by Funding Lender, and (ii) satisfactory to Funding Lender

(including, without limitation, as adjusted pursuant to any internal review thereof by Funding Lender) in all respects.

"Approved Developer Fee Schedule" shall have the meaning assigned thereto in the Construction Funding Agreement.

"Architect" shall mean any licensed architect, space planner or design professional that Borrower may engage from time to time, with the approval of Funding Lender, to design any portion of the Improvements, including the preparation of the Plans and Specifications.

"Architect's Agreement" shall mean any agreement that Borrower and any Architect from time to time may execute pursuant to which Borrower engages such Architect to design any portion of the Improvements, including the preparation of the Plans and Specifications, as approved by Funding Lender.

"Authorized Amount" has the meaning assigned thereto in the Funding Loan Agreement.

"Authorized Borrower Representative" shall mean a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and containing the specimen signature of such person and signed on behalf of the Borrower by its Borrower Controlling Entity which certificate may designate one or more alternates.

"Bankruptcy Code" shall mean the United States Bankruptcy Reform Act of 1978, as amended from time to time, or any substitute or replacement legislation.

"Bankruptcy Event" shall have the meaning given to that term in the Security Instrument.

"Bankruptcy Proceeding" shall have the meaning set forth in Section 4.1.8 hereof.

"Beneficiary Parties" shall mean, collectively, the Funding Lender, the Governmental Lender, the Fiscal Agent and the Servicer, if any.

"Borrower" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"Borrower Affiliate" means, as to the Borrower, its general partner or the Guarantor, (i) any entity that directly or indirectly owns, controls, or holds with power to vote, 20 percent or more of the outstanding voting securities of Borrower, its general partner or the Guarantor, (ii) any corporation 20 percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote by the Borrower, its general partner or the Guarantor, (iii) any partner, shareholder or, if a limited liability company, member of Borrower, its general partner or the Guarantor, or (iv) any other person that is related (to the third degree of consanguinity) by blood or marriage to the Borrower, its general partner or the Guarantor (to the extent any of the Borrower, its general partner or the Guarantor is a natural person).

"Borrower Controlling Entity" shall mean, if the Borrower is a partnership, any general partner or managing partner of the Borrower, or if the Borrower is a limited liability company, the manager or managing member of the Borrower, or if the Borrower is a not for profit corporation, the shareholders thereof.

"Borrower Deferred Equity" shall have the meaning ascribed thereto in the Construction Funding Agreement.

"Borrower Initial Equity" shall have the meaning ascribed thereto in the Construction Funding Agreement.

"Borrower Loan" shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to this Borrower Loan Agreement, in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

"Borrower Loan Agreement" shall mean this Borrower Loan Agreement.

"Borrower Loan Amount" shall mean \$[23,500,000], the aggregate original principal amount of the Borrower Notes.

"Borrower Loan Documents" shall mean this Borrower Loan Agreement, the Construction Funding Agreement, the Borrower Notes, the Security Instrument, the Agreement of Environmental Indemnification, the Guaranty, the Replacement Reserve Agreement and all other documents or agreements evidencing or relating to the Borrower Loan.

"Borrower Loan Payment Date" shall mean (i) the date upon which regularly scheduled Borrower Loan Payments are due pursuant to the Borrower Notes, or (ii) any other date on which a Borrower Note is prepaid or paid, whether at the scheduled maturity or upon the acceleration of the maturity thereof.

"Borrower Loan Payments" shall mean the monthly loan payments payable pursuant to the Borrower Notes.

"Borrower Loan Proceeds" shall mean proceeds of the Borrower Loan, to be disbursed in accordance with Section 2.10 of this Borrower Loan Agreement, Section 7.7 of the Funding Loan Agreement and the Construction Funding Agreement.

"Borrower Notes" shall mean the Series A-1 Borrower Note and the Series A-2 Borrower Note.

"Borrower Payment Obligations" shall mean all payment obligations of the Borrower under the Borrower Loan Documents, including, but not limited to, the Borrower Loan Payments and the Additional Borrower Payments.

"Borrower's Tax Letter of Representation" shall mean the Borrower's Tax Letter of Representation executed by the Borrower and delivered on the Closing Date.

"Business Day" shall mean any day other than (i) a Saturday or Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or in the location of the Corporate Trust Office or Operations Office are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

"Calendar Month" shall mean each of the twelve (12) calendar months of the year.

"CC&R's" shall mean any covenants, conditions, restrictions, maintenance agreements or reciprocal easement agreements affecting the Project or the Mortgaged Property.

"Closing Date" means February _____, 2025.

"Code" shall mean the Internal Revenue Code of 1986, as amended and in force and effect on the date hereof.

"Collateral" shall mean, collectively, all collateral described in (i) this Borrower Loan Agreement (including, without limitation, all property in which the Governmental Lender and/or the Funding Lender is granted a security interest pursuant to any provision of this Borrower Loan Agreement), (ii) the Security Instrument, or (iii) any other Security Document, including, without limitation, the Project, all of which collateral (exclusive of the Reserved Rights) is pledged and assigned to the Fiscal Agent and the Funding Lender under the Funding Loan Agreement to secure the Governmental Lender Notes.

"Completion" shall have the meaning set forth in Section 5.25.

"Completion Date" shall have the meaning given to such term in the Construction Funding Agreement.

"Computation Date" has the meaning set forth in Section 1.148-1(b) of the Regulations.

"Condemnation" shall mean any action or proceeding or notice relating to any proposed or actual condemnation or other taking, or conveyance in lieu thereof, of all or any part of the Project, whether direct or indirect.

"Conditions to Conversion" shall have the meaning ascribed thereto in the Construction Funding Agreement.

"Construction Consultant" shall mean a third-party architect or engineer selected and retained by Funding Lender, at the cost and expense of Borrower, to monitor the progress of construction and/or rehabilitation of the Project and to inspect the Improvements to confirm compliance with this Borrower Loan Agreement.

"Construction Contract" shall mean any agreement that Borrower and any Contractor from time to time may execute pursuant to which Borrower engages the Contractor to construct any portion of the Improvements, as approved by Funding Lender.

"Construction Funding Agreement" shall mean that certain Construction Funding Agreement of even date herewith, between the Funding Lender, as agent for the Governmental Lender, and Borrower, pursuant to which the Borrower Loan will be advanced by the Funding Lender (or the Servicer on its behalf), as agent of the Governmental Lender, to the Fiscal Agent for disbursement to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

"Construction Schedule" shall mean a schedule of construction or rehabilitation progress with the anticipated commencement and completion dates of each phase of construction or rehabilitation, as the case may be, and the anticipated date and amounts of each Disbursement for the same, as approved by Funding Lender, as assignee of the Governmental Lender.

"Continuing Disclosure Agreement" shall mean that certain Continuing Disclosure Agreement of even date herewith, between the Borrower and the Funding Lender, pursuant to which the Borrower agrees to provide certain information with respect to the Project, the Borrower and the Governmental Lender Notes subsequent to the Closing Date, as amended, supplemented or restated from time to time.

"Contractor" shall mean any licensed general contractor or subcontractor that Borrower may directly engage from time to time, with the approval of Funding Lender, to construct and/or rehabilitate any portion of the Improvements.

"Contractual Obligation" shall mean, for any Person, any debt or equity security issued by that Person, and any indenture, mortgage, deed of trust, contract, undertaking, instrument or agreement (written or oral) to which such Person is a party or by which it is bound, or to which it or any of its assets is subject.

"Conversion" shall mean Funding Lender's determination that the Conditions to Conversion have been satisfied in accordance with the provisions of this Borrower Loan Agreement and the Construction Funding Agreement.

"Conversion Date" shall mean the date to be designated by Funding Lender once the Conditions to Conversion have been satisfied, the determination of the Permanent Period Amount has been made and any loan balancing payments in accordance with Section 3.3 hereof and the Construction Funding Agreement have been made. The Conversion Date must occur no later than the Outside Conversion Date.

"Cost Breakdown" shall mean the schedule of costs for the Improvements, as set forth in the Construction Funding Agreement and as the same may be amended from time to time with Funding Lender's consent.

"Costs of Issuance" shall have the meaning given thereto in the [Tax Certificates][Regulatory Agreement].

"Costs of Issuance Deposit" shall mean the amount required to be deposited by the Borrower with the Title Company or Fiscal Agent to pay Costs of Issuance in connection with the closing of the Borrower Loan and the Governmental Lender Notes on the Closing Date.

"Cost of Improvements" shall mean the costs for the Improvements, as set forth on the Cost Breakdown.

"Date of Disbursement" shall mean the date of a Disbursement.

"Day" or "Days" shall mean calendar days unless expressly stated to be Business Days.

"Debt" shall mean, as to any Person, any of such Person's liabilities, including all indebtedness (whether recourse or nonrecourse, short term or long term, direct or contingent), all committed and unfunded liabilities, and all unfunded liabilities, that would appear upon a balance sheet of such Person prepared in accordance with GAAP.

"Default Rate" shall have the meaning given to that term in the Borrower Note.

"Determination of Taxability" shall mean (i) a determination by the Commissioner or any District Director of the Internal Revenue Service, (ii) a private ruling or Technical Advice Memorandum concerning a Governmental Lender Note issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (iii) a determination by any court of competent jurisdiction, (iv) the enactment of legislation or (v) receipt by the Funding Lender, at the request of the Governmental Lender, the Borrower or the Funding Lender, of an opinion of Bond Counsel, in each case to the effect that all or a portion of the interest on a Governmental Lender Note is includable in gross income for federal income tax purposes of any holder or any former holder of all or a portion of a Governmental Lender Note, other than a holder who is a "substantial user" of the Project or a "related person" to such a "substantial user" (as such terms are defined in Section 147(a) of the Code); provided, however, that no such Determination of Taxability under clause (i), (ii) or (iii) shall be deemed to have occurred if the Governmental Lender (at the sole expense of the Borrower), the Funding Lender (at the sole expense of the Borrower) or the Borrower is contesting such determination, has elected to contest

such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (a) a final determination from which no appeal may be taken with respect to such determination, (b) abandonment of such appeal by the Governmental Lender or the Borrower, as the case may be, or (c) one year from the date of initial determination.

"Developer Fee" shall have the meaning ascribed thereto in the Construction Funding Agreement.

"Disbursement" means a disbursement of Borrower Loan Proceeds and Other Borrower Moneys pursuant to this Borrower Loan Agreement.

"Engineer" shall mean any licensed civil, structural, mechanical, electrical, soils, environmental or other engineer that Borrower may engage from time to time, with the approval of Funding Lender, to perform any engineering services with respect to any portion of the Improvements.

"Engineer's Contract" shall mean any agreement that Borrower and any Engineer from time to time may execute pursuant to which Borrower engages such Engineer to perform any engineering services with respect to any portion of the Improvements, as approved by Funding Lender.

"Equipment" shall have the meaning given to the term "Personalty" in the Security Instrument.

"Equity Contributions" shall mean the equity to be contributed by the Equity Investor to Borrower, in accordance with and subject to the terms and conditions of the Partnership Agreement.

"Equity Investor" shall mean _____, a _____, its successors or assigns as investor limited partner in Borrower.

"ERISA" shall mean the Employment Retirement Income Security Act of 1974, as amended from time to time, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" shall mean all members of a controlled group of corporations and all trades and business (whether or not incorporated) under common control and all other entities which, together with the Borrower, are treated as a single employer under any or all of Section 414(b), (c), (m) or (o) of the Code.

"Event of Default" shall mean any Event of Default set forth in Section 8.1 of this Borrower Loan Agreement. An Event of Default shall "exist" if a Potential Default shall have occurred and be continuing beyond any applicable notice, grace or cure period.

"Excess Revenues" shall have the meaning ascribed thereto in Section 2.2(e) hereof.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

"Expenses of the Project" shall mean, for any period, the current expenses, paid or accrued, for the operation, maintenance and current repair of the Project, as calculated in accordance with GAAP, and shall include, without limiting the generality of the foregoing, salaries, wages, employee benefits, cost of materials and supplies, costs of routine repairs, renewals, replacements and alterations occurring in the usual course of business, costs and expenses properly designated as capital expenditures (e.g. repairs that would not be payable from amounts on deposit in a repair and replacement fund held pursuant to the Borrower Loan Documents), a management fee (however characterized) not to exceed the Underwritten Management Fee, costs of billings and collections, costs of insurance, and costs of audits. Expenses of the Project shall not include any payments, however characterized, on account of any subordinate financing in

respect of the Project or other indebtedness, allowance for depreciation, amortization or other non-cash items, gains and losses or prepaid expenses not customarily prepaid.

"Fiscal Agent" shall mean the fiscal agent from time to time under and pursuant to the Funding Loan Agreement. Initially, the Fiscal Agent is Regions Bank.

"Fitch" shall mean Fitch, Inc.

"Force Majeure" shall have the meaning given to such term in the Construction Funding Agreement.

"Funding Lender" shall have the meaning assigned thereto under the Funding Loan Agreement.

"Funding Loan" shall have the meaning given to that term in the Funding Loan Agreement.

"Funding Loan Agreement" means the Funding Loan Agreement, of even date herewith, among the Governmental Lender, the Fiscal Agent and the Funding Lender, as it may from time to time be supplemented, modified or amended by one or more amendments or other instruments supplemental thereto entered into pursuant to the applicable provisions thereof.

"Funding Loan Documents" shall have the meaning given to that term in the Funding Loan Agreement.

"GAAP" shall mean generally accepted accounting principles as in effect on the date of the application thereof and consistently applied throughout the periods covered by the applicable financial statements.

"General Partner" shall mean, collectively, (i) TSAHC Cairn Point GP, LLC, a Texas limited liability company, and/or (ii) any other Person that the partners of the Borrower, with the prior written approval of the Funding Lender (or as otherwise permitted pursuant to the Borrower Loan Documents), selected to be a general partner of the Borrower.

"Governmental Authority" shall mean (i) any governmental municipality or political subdivision thereof, (ii) any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or (iii) any court, administrative tribunal or public utility, agency, commission, office or authority of any nature whatsoever for any governmental unit (federal, state, county, district, municipal, city or otherwise), now or hereafter in existence.

"Governmental Lender" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"Governmental Lender Counsel" shall have the meaning set forth in the Funding Loan Agreement.

"Governmental Lender Notes" shall mean, collectively, the Series A-1 Governmental Lender Note and the Series A-2 Governmental Lender Note.

"Governmental Lender's Certificate as to Tax Exemption" shall mean the Certificate as to Tax Exemption executed by the Governmental Lender and delivered on the Closing Date.

"Governmental Lender's Closing Fee" shall mean the one-time fee payable by the Borrower to the Governmental Lender in the amount equal to ___% (___ basis points) of the principal amount of the

Governmental Lender Notes on the Closing Date, with a minimum fee of \$ _____. The Governmental Lender's Closing Fee is payable to the Governmental Lender on the Closing Date pursuant to Section 2.3(c)(iii) hereof.

"Gross Income" shall mean all receipts, revenues, income and other moneys received or collected by or on behalf of Borrower and derived from the ownership or operation of the Project, if any, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence and proceeds received upon the foreclosure sale of the Project. Gross Income shall not include loan proceeds, equity or capital contributions, or tenant security deposits being held by Borrower in accordance with applicable law.

"Ground Lease" means that Ground Lease dated as of February ____, 2025, executed by the Borrower, as ground lessee, and _____, as ground lessor.

"Gross Proceeds" means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds, as defined in Section 1.148-1(c) of the Regulations, of the Governmental Lender Notes.

"Guarantor" shall mean, collectively, jointly and severally, Richard Manzardo, an individual, and J. Matthew Miller, an individual, or any other person or entity which may hereafter become a guarantor of any of the Borrower's obligations under the Borrower Loan.

"Guaranty" shall mean, collectively, (i) the Completion and Repayment Guaranty, of even date herewith, by Guarantor for the benefit of the Beneficiary Parties (as defined therein), and (ii) the Exceptions to Non-Recourse Guaranty, of even date herewith, by Guarantor for the benefit of the Beneficiary Parties (as defined therein).

"Improvements" shall mean the _____-unit multifamily rental housing development to be constructed upon the Land and to be known as Cairn Point Montopolis, and all other buildings, structures, fixtures, wiring, systems, equipment and other improvements and personal property owned by Borrower to be constructed, rehabilitated and/or installed at or on the Land in accordance with the Cost Breakdown and the Plans and Specifications.

"Indemnified Party" shall have the meaning set forth in Section 5.15 hereof.

"Interest Rate" shall mean the rate of interest accruing on the Borrower Loan pursuant to the Borrower Notes.

"Interim Phase Amount" shall mean \$[23,500,000].

"Land" shall mean the real property described on Exhibit A to the Security Instrument.

"Late Charge" shall mean the amount due and payable as a late charge on overdue payments under the Borrower Notes, as provided in Section 7 of each of the Borrower Notes and Section 2.5 hereof.

"Legal Action" shall mean an action, suit, investigation, inquiry, proceeding or arbitration at law or in equity (except actions to collect rent on leases at the Project or actions for eviction) or before or by any foreign or domestic court, arbitrator or other Governmental Authority.

"Legal Requirements" shall mean statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions of Governmental Authorities affecting all or part of the Project or any of Borrower's property (including the Project) or the construction, rehabilitation, use, alteration or operation thereof, whether now or hereafter enacted and in force, and all permits, licenses and authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instrument, either of record or known to the Borrower, at any time in force affecting all or part of the Project, including any that may (i) require repairs, modifications or alterations in or to all or part of the Project, or (ii) in any way limit the use and enjoyment thereof.

"Licenses" shall have the meaning set forth in Section 4.1.22 hereof.

"Lien" shall mean any interest, or claim thereof, in the Project securing an obligation owed to, or a claim by, any Person other than the owner of the Project, whether such interest is based on common law, statute or contract, including the lien or security interest arising from a deed of trust, mortgage, deed to secure debt, assignment, encumbrance, pledge, security agreement, conditional sale or trust receipt or a lease, consignment or bailment for security purposes. The term "Lien" shall include reservations, exceptions, encroachments, easements, rights of way, covenants, restrictions, leases and other title exceptions and encumbrances affecting the Project.

"Low Income Tenants" shall have the meaning ascribed to such term in the Regulatory Agreement.

"Management Agreement" shall mean the Management Agreement between the Borrower and the Manager, pursuant to which the Manager is to manage the Project, as same may be amended, restated, replaced, supplemented or otherwise modified from time to time.

"Manager" shall mean the management company to be employed by the Borrower and approved by the Funding Lender in accordance with the terms of the Security Instrument, this Borrower Loan Agreement or any of the other Borrower Loan Documents.

"Material Adverse Change" shall mean any set of circumstances or events which (a) has or could reasonably be expected to have any material adverse effect whatsoever upon the validity or enforceability of this Borrower Loan Agreement or any other Borrower Loan Document; (b) is or could reasonably be expected to be material and adverse to the business, properties, assets, financial condition, results of operations of the Borrower, General Partner, Guarantor or the Mortgaged Property; (c) could reasonably be expected to impair materially the ability of the Borrower, General Partner or Guarantor to duly and punctually pay or perform any of their respective obligations under any of the Borrower Loan Documents to which they are a party; or (d) impairs materially or could reasonably be expected to impair materially any rights of or benefits available to the Governmental Lender under this Borrower Loan Agreement or any other Borrower Loan Document, including, without limitation, the ability of Governmental Lender or, upon the assignment of the Borrower Loan to it, of the Funding Lender, to the extent permitted, to enforce its legal remedies pursuant to this Borrower Loan Agreement or any other Borrower Loan Document.

"Moody's" shall mean Moody's Investors Service, Inc., or its successor.

"Mortgaged Property" shall have the meaning given to that term in the Security Instrument.

"Net Operating Income" shall mean: (i) the Gross Income, less (ii) the Expenses of the Project.

"Nonpurpose Investment" shall mean any investment property (as defined in Section 148(b) of the Code) that is acquired with the Gross Proceeds of the Governmental Lender Notes and which is not acquired to carry out the governmental purpose of the Governmental Lender Notes.

“Note Year” means the period from and including the date of issuance of the Governmental Lender Notes through December 31, 2025, and thereafter each year beginning on January 1 and ending on the earlier of the following December 31 or the maturity of the Governmental Lender Notes (whether by redemption, acceleration or otherwise).

"Other Borrower Moneys" shall mean monies of Borrower other than Borrower Loan Proceeds and includes, but is not limited to, the Taxable Construction Loan, the Subordinate Debt, Net Operating Income, the Borrower’s Equity Contributions and any other funds contributed by or loaned to the Borrower for application to the Costs of the Improvements or other costs associated with the Project.

"Other Charges" shall mean all maintenance charges, impositions other than Taxes, and any other charges, including vault charges and license fees for the use of vaults, chutes and similar areas adjoining the Project, now or hereafter levied or assessed or imposed against the Project or any part thereof.

"Outside Conversion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Partnership Agreement" shall mean that certain Amended and Restated Agreement of Limited Partnership of the Borrower dated [as of February 1], 2025, as the same may be amended, restated or modified in accordance with its terms.

"Patriot Act" shall mean the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act (USA PATRIOT ACT) of 2001, as the same may be amended from time to time, and corresponding provisions of future laws.

"Patriot Act Offense" shall have the meaning set forth in Section 4.1.48 hereof.

"Permanent Period" shall mean the period of time from the Conversion Date to the Maturity Date (as defined in the Funding Loan Agreement).

"Permanent Period Amount" shall mean the principal amount of the Borrower Loan following the calculation provided for in the Construction Funding Agreement.

"Permitted Encumbrances" shall have the meaning given to that term in the Security Instrument.

"Permitted Lease" shall mean a lease and occupancy agreement pursuant to the form approved by Funding Lender, to a residential tenant in compliance with the Legal Requirements, providing for an initial term of not less than six (6) months or more than two (2) years.

"Person" shall mean a natural person, a partnership, a joint venture, an unincorporated association, a limited liability company, a corporation, a trust, any other legal entity, or any Governmental Authority.

"Plan" shall mean (i) an employee benefit or other plan established or maintained by the Borrower or any ERISA Affiliate or to which the Borrower or any ERISA Affiliate makes or is obligated to make contributions and (ii) which is covered by Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code.

"Plans and Specifications" shall mean the plans and specifications for the construction and/or rehabilitation, as the case may be, of the Project approved by Funding Lender.

"Potential Default" shall mean the occurrence of an event which, under this Borrower Loan Agreement or any other Borrower Loan Document, would, but for the giving of notice or passage of time, or both, be an Event of Default.

"Prepayment Premium" shall mean any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of a Borrower Note (including any prepayment premium as set forth in the Borrower Notes).

"Project" shall mean the Mortgaged Property (as defined in the Security Instrument) and the Improvements thereon owned by the Borrower and encumbered by the Security Instrument, together with all rights pertaining to such real property and Improvements, as more particularly described in the Granting Clauses of the Security Instrument and referred to therein as the "Mortgaged Property."

"Project Agreements and Licenses" shall mean any and all Construction Contracts, Engineer's Contracts and Management Agreements, and all other rights, licenses, permits, franchises, authorizations, approvals and agreements relating to use, occupancy, operation or leasing of the Project or the Mortgaged Property.

"Provided Information" shall have the meaning set forth in Section 9.1.1(a) hereof.

"Qualified Project Costs" shall have the meaning set forth in the Regulatory Agreement.

"Qualified Project Period" shall have the meaning ascribed to such term in the Regulatory Agreement.

"Rebate Fund" shall mean the Rebate Fund held by the Fiscal Agent created pursuant to Section 7.8 of the Funding Loan Agreement.

"Regulations" has the meaning given to that term in the Funding Loan Agreement.

"Regulatory Agreement" shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, of even date herewith, by and among the Governmental Lender, the Fiscal Agent and the Borrower, as in effect on the Closing Date and as it may thereafter be amended or modified in accordance with its terms.

"Related Documents" shall mean, collectively, any agreement or other document (other than the Borrower Loan Documents) granting a security interest in all or a portion of the Project (including each agreement that is the subject of any Borrower Loan Document), the Partnership Agreement, and any other agreement, instrument or other document (not constituting a Borrower Loan Document) relating to or executed in connection with the transactions contemplated by this Borrower Loan Agreement.

"Replacement Reserve Agreement" shall mean any Replacement Reserve Agreement between the Borrower and the Funding Lender, as the same may be amended, restated or supplemented from time to time.

"Replacement Reserve Fund Requirement" means Borrower's funding obligations from time to time under the Replacement Reserve Agreement.

"Reserved Rights" shall have the meaning set forth in the Funding Loan Agreement.

"Retainage" shall have the meaning set forth in the Construction Funding Agreement.

"Review Fee" shall mean the three thousand dollar (\$3,000) fee payable to Funding Lender in connection with the review of requests from the Borrower in connection with events requiring the consent and/or approval of the Funding Lender, including, but not limited to, subordinate financings and easements.

"Secondary Market Disclosure Document" shall have the meaning set forth in Section 9.1.2 hereof.

"Secondary Market Transaction" shall have the meaning set forth in Section 9.1.1 hereof.

"Securities" shall have the meaning set forth in Section 9.1.1 hereof.

"Securities Act" shall mean the Securities Act of 1933, as amended.

"Security Documents" shall mean the Security Instrument, the Replacement Reserve Agreement, the Collateral Agreements, the Collateral Assignments, this Borrower Loan Agreement, the Agreement of Environmental Indemnification, and such other security instruments that Funding Lender may reasonably request.

"Security Instrument" shall have the meaning set forth in the recitals to this Borrower Loan Agreement.

"Series A-1 Borrower Note" shall mean that certain Multifamily Note, dated the Closing Date, in the original principal amount of \$[_____], made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-1 Governmental Lender Note, as executed by the Borrower on the Closing Date and endorsed and assigned by the Governmental Lender without recourse to the Fiscal Agent, and as it may thereafter be amended or supplemented from time to time.

"Series A-2 Borrower Note" shall mean that certain Multifamily Note, dated the Closing Date, in the original principal amount of \$[_____], made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-2 Governmental Lender Note, as executed by the Borrower on the Closing Date and endorsed and assigned by the Governmental Lender without recourse to the Fiscal Agent, and as it may thereafter be amended or supplemented from time to time.

"Series A-1 Governmental Lender Note" shall mean that certain Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025A-1, dated as provided in Section 2.2 of the Funding Loan Agreement, in the original principal amount of \$[_____], made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"Series A-2 Governmental Lender Note" shall mean that certain Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Note (Cairn Point Montopolis Apartments) Series 2025A-2, dated as provided in Section 2.2 of the Funding Loan Agreement, in the original principal amount of \$[_____], made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

"Servicer" shall mean the Servicer contracting with or appointed by the Funding Lender to service the Borrower Loan. The initial Servicer shall be Citibank, N.A.

"Servicing Agreement" shall mean any servicing agreement or master servicing agreement, between the Servicer and the Funding Lender relating to the servicing of the Borrower Loan and any amendments thereto or any replacement thereof.

"Standard & Poor's" or "S&P" shall mean S&P Global Ratings, a division of S&P Global, Inc., or its successors.

"State" shall mean the State of Texas.

"Subordinate Debt" shall mean, collectively, (i) the subordinate loan to the Borrower from _____ in the original principal amount of \$ _____ pursuant to a Rental Housing Development Assistance Program Loan Agreement dated _____, 2025, and (ii) the subordinate loan to the Borrower from _____, in the original principal amount of \$ _____ pursuant to a Promissory Note of the Borrower dated _____, 2025.

"Subordinate Lender" shall mean, collectively, _____ and _____.

"Subordinate Loan Documents" shall mean, collectively, all instruments, agreements and other documents evidencing, securing or otherwise relating to the Subordinate Debt or executed and delivered by Borrower and/or Subordinate Lender in connection with the Subordinate Debt..

"Substantial Completion Date" shall have the meaning set forth in the Construction Funding Agreement.

"Substantially Complete" or "Substantially Completed" shall have the meaning set forth in the Construction Funding Agreement.

"Tax Certificates" means, collectively, (a) the Governmental Lender's Certificate as to Tax Exemption and (b) the Borrower's Tax Letter of Representation.

"Taxable Construction Loan" shall mean the loan from the Taxable Construction Lender to Borrower in the maximum principal amount of \$ _____, as evidenced by the Taxable Loan Documents.

"Taxable Construction Lender" shall mean Citibank, N.A., or its successor pursuant to the Taxable Loan Documents.

"Taxable Loan Documents" shall mean, collectively, all instruments, agreements and other documents evidencing, securing or governing the Taxable Construction Loan.

"Taxes" shall mean all real estate and personal property taxes, assessments, water rates or sewer rents, now or hereafter levied or assessed or imposed against all or part of the Project.

"Term" shall mean the term of this Borrower Loan Agreement pursuant to Section 10.14.

"Title Company" means _____.

"Title Insurance Policy" shall mean the mortgagee title insurance policy, in form acceptable to the Funding Lender, issued with respect to the Mortgaged Property and insuring the lien of the Security Instrument.

"Transfer" shall have the meaning given to that term in the Security Instrument.

"UCC" shall mean the Uniform Commercial Code as in effect in the State.

"Underwritten Management Fee" shall have the meaning given to that term in the Construction Funding Agreement.

"Unit" shall mean a residential apartment unit within the Improvements.

"Yield" of (1) any investment has the meaning set forth in Section 1.148-5 of the Regulations, and (2) the Governmental Lender Notes has the meaning set forth in Section 1.148-4 of the Regulations.

"Written Consent" and "Written Notice" shall mean a written consent or notice signed by an Authorized Borrower Representative or an Authorized Representative (as defined in the Funding Loan Agreement) of the Governmental Lender, the Funding Lender or the Fiscal Agent, as appropriate.

ARTICLE II

GENERAL

Section 2.1. Origination of Borrower Loan. In order to provide funds for the purposes provided herein and to satisfy the closing requirements under Section 1372 of the Texas Government Code, the Governmental Lender agrees that it will, in accordance with the Act, enter into the Funding Loan Agreement and accept the Funding Loan proceeds from, and deliver the Governmental Lender Notes to the Funding Lender. The proceeds of the Governmental Lender Notes shall be advanced by the Funding Lender and the Fiscal Agent to the Borrower in accordance with the terms of the Construction Funding Agreement, the Funding Loan Agreement and this Borrower Loan Agreement.

The Governmental Lender hereby assigns to the Funding Lender all of its rights, power and authority to take certain actions and exercise certain remedies with respect to the Borrower Loan, and for the other purposes set forth in this Borrower Loan Agreement and to do all other acts necessary or incidental to the performance and execution thereof to the extent those actions and remedies are not delegated to the Fiscal Agent. This assignment is coupled with an interest and is irrevocable except as expressly set forth herein. Accordingly, references to the rights of the Funding Lender to take actions under this Borrower Loan Agreement shall refer to Funding Lender in its role as assignee. The Funding Lender may designate Servicer to fulfill any such rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to this Section 2.1. Disbursements of the Borrower Loan shall be made from the Project Fund held under the Funding Loan Agreement by the Fiscal Agent.

Section 2.2. Security for the Governmental Lender Note.

(a) As security for the Governmental Lender Notes, the Governmental Lender has pledged and assigned to the Fiscal Agent for the benefit of the Funding Lender under and pursuant to the Funding Loan Agreement (a) the Borrower Notes and all of its right, title and interest in and to this Borrower Loan Agreement and the Borrower Loan Documents (except for the Reserved Rights) and all revenues and receipts therefrom and the security therefor (including the Security Instrument) and (b) the amounts on deposit from time to time in any and all funds, other than the Rebate Fund, established under the Funding Loan Agreement. All revenues and assets pledged and assigned thereby shall immediately be subject to the lien of such pledge without any physical delivery thereof or any further act, except in the case of the Borrower Note, which shall be delivered to the Funding Lender. The Borrower hereby acknowledges and consents to such assignment to the Fiscal Agent for the benefit of the Funding Lender.

(b) With respect to the Reserved Rights, subject to the limitations set forth in this Section 2.2, the Governmental Lender may:

(i) Tax Covenants. Seek specific performance of, and enforce, the tax covenants of the Funding Loan Agreement, the Regulatory Agreement, the Tax Certificates and this Borrower Loan Agreement, injunctive relief against acts which may be in violation of any of the tax covenants, and enforce the Borrower's obligation to pay the Rebate Amount for credit to the Rebate Fund;

(ii) Regulatory Agreement. Seek specific performance of the obligations of the Borrower or any other owner of the Project under the Regulatory Agreement and injunctive relief against acts which may be in violation of the Regulatory Agreement or otherwise in accordance with the provisions of the Regulatory Agreement; provided, however, that the Governmental Lender may enforce any right it may have under the Regulatory Agreement for monetary damages only against Excess Revenues (defined below), if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the use of other funds; and

(iii) Reserved Rights. Take whatever action at law or in equity which is necessary or desirable to enforce the other Reserved Rights, provided, however, that the Governmental Lender or any person under its control may only enforce any right it may have for monetary damages against Excess Revenues, if any, of the Borrower, unless Funding Lender otherwise specifically consents in writing to the enforcement against other funds of the Borrower.

(c) In no event shall the Governmental Lender, except at the express written direction of the Funding Lender:

(i) prosecute its action to a lien on the Project or any portion thereof; or

(ii) take any action which may have the effect, directly or indirectly, of impairing the ability of the Borrower to timely pay the principal of, interest on, or other amounts due under, the Borrower Loan or of causing the Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Borrower under any applicable liquidation, insolvency, bankruptcy, rehabilitation, composition, reorganization, conservation or other similar law in effect now or in the future; or

(iii) interfere with the exercise by Funding Lender or Servicer of any of their rights under the Borrower Loan Documents upon the occurrence of an event of default by the Borrower under the Borrower Loan Documents or the Funding Loan Documents; or

(iv) take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Borrower Loan or the Governmental Lender Notes.

(d) The Governmental Lender shall provide Written Notice to the Funding Lender and the Servicer immediately upon taking any action at law or in equity to exercise any remedy or direct any proceeding under the Borrower Loan Documents or the Funding Loan Documents.

(e) As used in this Section 2.2, the term "Excess Revenues" means, for any period, the net cash flow of the Borrower available for distribution to shareholders, members or partners (as the case may be) for such period, after the payment of all interest expense, the amortization of all principal of all indebtedness coming due during such period (whether by maturity, mandatory sinking fund payment, acceleration or otherwise), the payment of all fees, costs and expenses on an occasional or recurring basis in connection

with the Borrower Loan or the Governmental Lender Notes, the payment of all operating, overhead, ownership and other expenditures of the Borrower directly or indirectly in connection with the Project (whether any such expenditures are current, capital or extraordinary expenditures), and the setting aside of all reserves for taxes, insurance, water and sewer charges or other similar impositions, capital expenditures, repairs and replacements and all other amounts which the Borrower is required to set aside pursuant to agreement, but excluding depreciation and amortization of intangibles.

Section 2.3. Loan; Borrower Note; Conditions to Closing.

(a) The Governmental Lender Notes shall each be purchased in the full respective Authorized Amounts by the Funding Lender under the Funding Loan Agreement, and the Fiscal Agent shall deposit the proceeds thereof as required under the Funding Loan Agreement. Upon purchase of the Governmental Lender Notes on the Closing Date, the Governmental Lender shall be deemed to have made the Borrower Loan to the Borrower in a like principal amount. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Notes. The proceeds of the Borrower Loan shall be used by the Borrower to pay costs of the acquisition, construction and equipping of the Project. The Borrower hereby accepts the Borrower Loan and acknowledges that the Governmental Lender shall cause the Funding Lender to fund the Borrower Loan in the manner set forth herein, in the Construction Funding Agreement, and in the Funding Loan Agreement. The Governmental Lender acknowledges that the Borrower Loan shall be funded by the Funding Lender for the account of the Governmental Lender.

(b) The Borrower hereby accepts the Borrower Loan. As evidence of its obligation to repay the Borrower Loan, simultaneously with the delivery of this Borrower Loan Agreement to the Governmental Lender, the Borrower hereby agrees to execute and deliver the Borrower Notes. The Borrower Loan shall mature and be payable at the times and in the amounts required under the terms hereof and of the Borrower Notes.

(c) Closing of the Borrower Loan on the Closing Date shall be conditioned upon satisfaction or waiver by the Governmental Lender and the Funding Lender, in their sole discretion of each of the conditions precedent to closing set forth in the Funding Loan Agreement, the Construction Funding Agreement, and this Borrower Loan Agreement, including but not limited to the following:

(i) evidence of proper recordation of the Security Instrument, an assignment of the Security Instrument from the Governmental Lender to the Fiscal Agent, the Regulatory Agreement, and each of the other documents specified for recording in instructions delivered to the Title Company by counsel to the Funding Lender (or that such documents have been delivered to an authorized agent of the Title Company for recordation under binding recording instructions from Funding Lender's counsel or such other counsel as may be acceptable to the Funding Lender); and

(ii) delivery to the Fiscal Agent or into escrow with the Title Company (or separate escrow company, if applicable) of all amounts required to be paid in connection with the origination of the Borrower Loan and the Governmental Lender Notes and any underlying real estate transfers or transactions, including the Costs of Issuance Deposit and the Borrower Initial Equity, all as specified in written instructions delivered to the Title Company by counsel to the Funding Lender (or such other counsel as may be acceptable to the Funding Lender) and/or as specified in a closing memorandum of the Funding Lender; and

(iii) payment of all fees payable in connection with the closing of the Borrower Loan including the Governmental Lender's Closing Fee and the initial fees and expenses of the Fiscal

Agent (or that such payments are reflected on the settlement statement prepared by the Title Company and approved by Governmental Lender, and payable on the Closing Date)..

In addition, closing of the Borrower Loan shall be subject to the delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender and the Funding Lender, dated the Closing Date, in form and substance acceptable to Governmental Lender Counsel, regarding the due execution by the Borrower of, and the enforceability against the Borrower of, the Borrower Loan Documents.

Section 2.4. Borrower Loan Payments.

(a) The Borrower shall make Borrower Loan Payments in accordance with the Borrower Notes. Through and including the Conversion Date, each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Servicer by 11:00 a.m., New York City time, one Business Day prior to the Borrower Loan Payment Date or, if to the Fiscal Agent, by 2:00 p.m., New York City time, one Business Day prior to the Borrower Loan Payment Date. Following the Conversion Date, each Borrower Loan Payment made by the Borrower shall be made in funds immediately available to the Servicer by 2:00 p.m., New York City time, on the date that is two (2) Business Days prior to the Borrower Loan Payment Date. Each such payment shall be made to the Fiscal Agent or Servicer, as applicable, by deposit to such account as the Fiscal Agent or Servicer, as applicable, may designate by Written Notice to the Borrower. If payments are to be made to the Fiscal Agent, such payments shall be deposited into the Governmental Lender Note Payment Fund established under the Funding Loan Agreement. Whenever any Borrower Loan Payment shall be stated to be due on a day that is not a Business Day, such payment shall be due on the first Business Day immediately thereafter. In addition, the Borrower shall make Borrower Loan Payments in accordance with the Borrower Notes in the amounts and at the times necessary to make all payments due and payable on the Governmental Lender Notes. All payments made by the Borrower hereunder or by the Borrower under the other Borrower Loan Documents, shall be made irrespective of, and without any deduction for, any set-offs or counterclaims, but such payment shall not constitute a waiver of any such set offs or counterclaims.

(b) If there is a Servicer, payments of principal and interest on the Borrower Notes shall be paid to the Servicer and the Servicer shall then remit such funds to the Fiscal Agent to be deposited in the Governmental Lender Note Payment Fund established under the Funding Loan Agreement. If there is no Servicer, payments of principal and interest on the Borrower Notes shall be paid directly to the Fiscal Agent and deposited into the Governmental Lender Note Payment Fund.

Section 2.5. Additional Borrower Payments.

(a) The Borrower shall pay the following amounts:

(i) to the Fiscal Agent, the Rebate Amount then due, if any, to be deposited in the Rebate Fund as specified in Section 7.8 of the Funding Loan Agreement and the Rebate Analyst's Fee, and any other costs incurred to calculate such Rebate Amount (to the reasonable extent such costs are not included in the Borrower Loan Payment);

(ii) to the Fiscal Agent for remittance to the Governmental Lender, the Governmental Lender Fee and, on demand, all fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Governmental Lender incurred under the Borrower Loan Documents or the Funding Loan Documents, as and when the same become due;

(iii) all Costs of Issuance and fees, charges and expenses, including agent and counsel fees incurred in connection with the origination of the Borrower Loan and the Governmental Lender Note, as and when the same become due;

(iv) to the Funding Lender, on demand, all charges, costs, advances, indemnities and expenses, including agent and counsel fees, of the Funding Lender incurred by the Funding Lender at any time in connection with the Borrower Loan, the Governmental Lender Notes or the Project, including, without limitation, any Review Fee, reasonable counsel fees and expenses incurred in connection with the interpretation, performance, or amendment and all counsel fees and expenses relating to the enforcement of the Borrower Loan Documents or the Funding Loan Documents or any other documents relating to the Project or the Borrower Loan or in connection with questions or other matters arising under such documents or in connection with any federal tax audit;

(v) all Late Charges due and payable under the terms of the Borrower Notes and Section 2.6 hereof; provided, however, that all payments made pursuant to this subsection (v) shall be made to the Servicer, and if there is no Servicer, such payments shall be made to the Fiscal Agent on behalf of the Funding Lender; and

(vi) to the Fiscal Agent, all reasonable fees, charges, costs, advances, indemnities and expenses, including agent and counsel fees, of Fiscal Agent incurred under the Borrower Loan Documents or the Funding Loan Documents as and when the same become due.

(b) The Borrower shall pay to the party entitled thereto as expressly set forth in this Borrower Loan Agreement or the other Borrower Loan Documents or Funding Loan Documents:

(i) all expenses incurred in connection with the enforcement of any rights under this Borrower Loan Agreement or any other Borrower Loan Document, the Regulatory Agreement, or any Funding Loan Document by the Governmental Lender, Funding Lender, Fiscal Agent or the Servicer;

(ii) all other payments of whatever nature that the Borrower has agreed to pay or assume under the provisions of this Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document; and

(iii) all expenses, costs and fees relating to inspections of the Project required by the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer or the Construction Consultant, in accordance with the Borrower Loan Documents or the Funding Loan Documents or to reimburse such parties for such expenses, costs and fees.

Section 2.6. Overdue Payments; Payments in Default. If any Borrower Payment Obligation is not paid by or on behalf of the Borrower when due, the Borrower shall pay to the Servicer, a Late Charge in the amount and to the extent set forth in the applicable Borrower Note or Borrower Notes, if any.

Section 2.7. Calculation of Interest Payments and Deposits to Real Estate Related Reserve Funds. The Borrower acknowledges as follows: (a) calculation of all interest payments shall be made by the Funding Lender; (b) deposits with respect to the Taxes and Other Charges shall be calculated by the Servicer or if there is no Servicer, the Funding Lender in accordance with the Security Instrument; and (c) deposits with respect to any replacement reserve funds required by the Funding Lender shall be calculated by the Servicer in accordance with the Replacement Reserve Agreement. In the event and to the extent that the Servicer or the Funding Lender, pursuant to the terms hereof, shall determine at any time that there exists a deficiency in amounts previously owed but not paid with respect to deposits to such

replacement reserve fund, such deficiency shall be immediately due and payable hereunder following Written Notice to the Borrower.

Section 2.8. Grant of Security Interest; Application of Funds. To the extent not inconsistent with the Security Instrument and as security for payment of the Borrower Payment Obligations and the performance by the Borrower of all other terms, conditions and provisions of the Borrower Loan Documents, the Borrower hereby pledges and assigns to the Fiscal Agent (solely for the benefit of the Funding Lender) and the Funding Lender, and grants to the Fiscal Agent (solely for the benefit of the Funding Lender) and the Funding Lender, a security interest in all the Borrower's right, title and interest in and to all payments to or moneys held in the funds and accounts created and held by the Funding Lender or the Servicer for the Project. This Borrower Loan Agreement is, among other things, intended by the parties to be a security agreement for purposes of the UCC. Upon the occurrence and during the continuance of an Event of Default hereunder, the Fiscal Agent, the Funding Lender and the Servicer may apply or cause to be applied any sums held by the Fiscal Agent, the Funding Lender and the Servicer with respect to the Project in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion.

Section 2.9. Marshalling; Payments Set Aside. The Governmental Lender, the Fiscal Agent and Funding Lender shall be under no obligation to marshal any assets in favor of Borrower or any other Person or against or in payment of any or all of the proceeds. To the extent that Borrower makes a payment or payments or transfers any assets to the Fiscal Agent, Governmental Lender or Funding Lender, or the Governmental Lender or Funding Lender enforces its liens, and such payment or payments or transfers, or the proceeds of such enforcement or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party in connection with any insolvency proceeding, or otherwise, then: (i) any and all obligations owed to the Fiscal Agent, Governmental Lender or Funding Lender and any and all remedies available to the Fiscal Agent, Governmental Lender or Funding Lender under the terms of the Borrower Loan Documents and the Funding Loan Documents or in law or equity against Borrower, Guarantor or General Partner and/or any of their properties shall be automatically revived and reinstated to the extent (and only to the extent) of any recovery permitted under clause (ii) below; and (ii) the Fiscal Agent, Governmental Lender and Funding Lender shall be entitled to recover (and shall be entitled to file a proof of claim to obtain such recovery in any applicable bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding) either: (x) the amount of payments or the value of the transfer or (y) if the transfer has been undone and the assets returned in whole or in part, the value of the consideration paid to or received by Borrower for the initial asset transfer, plus in each case any deferred interest from the date of the disgorgement to the date of distribution to the Fiscal Agent, Governmental Lender or Funding Lender in any bankruptcy, insolvency, receivership or fraudulent conveyance or fraudulent transfer proceeding, and any costs and expenses due and owing, including, without limitation, any reasonable attorneys' fees incurred by the Fiscal Agent, Governmental Lender or Funding Lender in connection with the exercise by the Fiscal Agent, Governmental Lender or Funding Lender of its rights under this Section 2.9.

Section 2.10. Borrower Loan Disbursements. The Borrower Loan shall be funded by the Funding Lender, on behalf of the Governmental Lender, pursuant to the Construction Funding Agreement by depositing the proceeds from the Governmental Lender Notes with the Fiscal Agent under the Funding Loan Agreement. Amounts held by the Fiscal Agent shall be disbursed to or for the benefit of the Borrower as provided in the Funding Loan Agreement and Construction Funding Agreement.

ARTICLE III

CONVERSION

Section 3.1. Conversion Date and Extension of Outside Conversion Date. Borrower shall satisfy each of the Conditions to Conversion and cause the Conversion Date to occur on or before the Outside Conversion Date, as further provided in the Construction Funding Agreement. The failure to satisfy each of the Conditions to Conversion on or before the Outside Conversion Date shall constitute an Event of Default under the Borrower Loan Documents.

Section 3.2. Notice From Funding Lender; Funding Lender's Calculation Final.

(a) Following satisfaction of all of the Conditions to Conversion, Funding Lender shall deliver Written Notice to Borrower of: (i) the Conversion Date, (ii) the amount of the Permanent Period Amount, (iii) any required prepayment of the Borrower Notes (as described below in Section 3.3) and (iv) any amendments to the amortization schedule, as applicable.

(b) Subject to the terms and conditions of the Borrower Loan Documents, Funding Lender's calculation of the Permanent Period Amount and any amendments to the amortization of the Borrower Loan shall be, in the absence of manifest error, conclusive and binding on all parties.

Section 3.3. Mandatory Prepayment of the Borrower Loan.

(a) As further provided in the Construction Funding Agreement, if and to the extent the Permanent Period Amount is less than the Interim Phase Amount, Funding Lender may in its sole discretion require Borrower to make a partial prepayment of the Borrower Loan in an amount equal to the difference between the Interim Phase Amount and the Permanent Period Amount, provided, however, that if the Permanent Period Amount is less than the Minimum Permanent Period Amount (as defined in the Construction Funding Agreement), then Funding Lender may in its sole discretion require Borrower to prepay the Borrower Loan in full.

(b) Any prepayment in full or in part of the Borrower Loan required pursuant to Section 3.3(a) above shall be subject to a prepayment premium under certain circumstances as more particularly set forth in the Borrower Notes.

Section 3.4. Release of Remaining Loan Proceeds. If and to the extent that the Permanent Period Amount is greater than the principal amount of the Borrower Loan which has previously been disbursed to Borrower, Funding Lender shall deliver Written Notice thereof to Borrower on or before the Conversion Date. Within ten (10) Business Days after delivery of such notice, but in no event later than the Outside Conversion Date, Funding Lender shall approve and the Fiscal Agent, upon the Written Direction of the Funding Lender, shall disburse Borrower Loan proceeds to Borrower so that the aggregate principal amount of the Borrower Loan disbursed equals the Permanent Period Amount. Any Borrower Loan proceeds previously disbursed to the Borrower in excess of the Permanent Period Amount shall be paid by Borrower to the Fiscal Agent for the account of the Funding Lender.

Section 3.5. No Amendment. Nothing contained in this Article III shall be construed to amend, modify, alter, change or supersede the terms and provisions of the Borrower Notes, the Security Instrument, the Construction Funding Agreement or any other Borrower Loan Document and, if there shall exist a conflict between the terms and provisions of this Article III and those of the Borrower Notes, the Security Instrument, the Construction Funding Agreement or other Borrower Loan Documents, then the terms and provisions of the Borrower Notes, the Security Instrument, the Construction Funding Agreement

and other Borrower Loan Documents shall control, provided, however, that in the event of a conflict between the terms and provisions of this Article III and those of the Borrower's loan application with the Funding Lender, the terms and provisions of this Article III shall control.

Section 3.6. Determinations by Funding Lender. In any instance where the consent or approval of Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by Funding Lender under this Article III, including in connection with the Construction Funding Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Funding Lender (or its designated representative), at its sole and exclusive option and in its sole and absolute discretion.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

Section 4.1. Borrower Representations. To induce the Governmental Lender to execute this Borrower Loan Agreement and to induce Funding Lender to make Disbursements, Borrower represents and warrants for the benefit of the Governmental Lender, Funding Lender and the Servicer, that the representations and warranties set forth in this Section 4.1 are complete and accurate as of the Closing Date and, subject to Section 4.2, shall survive the making of the Borrower Loan and will be complete and accurate, and deemed remade, except as otherwise noted through notice to Funding Lender and approved by Funding Lender, as of the date of each Disbursement, as of the original Outside Conversion Date, as of the date of any extension thereof and as of the Conversion Date in accordance with the terms and conditions of the Borrower Notes.

Section 4.1.1 Organization; Special Purpose. The Borrower is a limited partnership duly organized and validly existing and in good standing under the laws of the State, has full legal right, power and authority to enter into the Borrower Loan Documents to which it is a party, and to carry out and consummate all transactions contemplated by the Borrower Loan Documents to which it is a party, and by proper corporate, limited partnership or limited liability company action, as appropriate has duly authorized the execution, delivery and performance of the Borrower Loan Documents to which it is a party. The Person(s) of the Borrower executing the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are fully authorized to execute the same. The Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party have been duly authorized, executed and delivered by the Borrower. The sole business of the Borrower is the ownership, management and operation of the Project.

Section 4.1.2 Proceedings; Enforceability. Assuming due execution and delivery by the other parties thereto, the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party will constitute the legal, valid and binding agreements of the Borrower enforceable against the Borrower in accordance with their terms; except in each case as enforcement may be limited by bankruptcy, insolvency or other laws affecting the enforcement of creditors' rights generally, by the application of equitable principles regardless of whether enforcement is sought in a proceeding at law or in equity and by public policy.

Section 4.1.3 No Conflicts. The execution and delivery of the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party, the consummation of the transactions herein and therein contemplated and the fulfillment of or compliance with the terms and conditions hereof and thereof, will not conflict with or constitute a violation or breach of or default (with due notice or the passage of time or both) under the Partnership Agreement of the Borrower, or to the best knowledge of the Borrower and with respect to the Borrower, any applicable law or administrative rule or

regulation, or any applicable court or administrative decree or order, or any mortgage, deed of trust, loan agreement, lease, contract or other agreement or instrument to which the Borrower is a party or by which it or its properties are otherwise subject or bound, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Borrower (other than the lien of the Regulatory Agreement, the Security Instrument, and the Permitted Encumbrances (as defined therein)), which conflict, violation, breach, default, lien, charge or encumbrance might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, or the financial condition, assets, properties or operations of the Borrower.

Section 4.1.4 Litigation; Adverse Facts. There is no Legal Action, nor is there a basis known to Borrower for any Legal Action, before or by any court or federal, state, municipal or other governmental authority, pending, or to the knowledge of the Borrower, after reasonable investigation, threatened, against or affecting the Borrower, the General Partner or the Guarantor, or their respective assets, properties or operations which, if determined adversely to the Borrower or its interests, would have a material adverse effect upon the consummation of the transactions contemplated by, or the validity of, the Borrower Loan Documents or the Funding Loan Documents, upon the ability of each of Borrower, General Partner and Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or upon the financial condition, assets (including the Project), properties or operations of the Borrower, the General Partner or the Guarantor. None of the Borrower, General Partner or Guarantor is in default (and no event has occurred and is continuing which with the giving of notice or the passage of time or both could constitute a default) with respect to any order or decree of any court or any order, regulation or demand of any federal, state, municipal or other governmental authority, which default might have consequences that would materially and adversely affect the consummation of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the ability of each of Borrower, General Partner and Guarantor to perform their respective obligations under the Borrower Loan Documents, the Funding Loan Documents and the Related Documents to which it is a party, or the financial condition, assets, properties or operations of the Borrower, General Partner or Guarantor. None of Borrower, General Partner or Guarantor are (a) in violation of any applicable law, which violation materially and adversely affects or may materially and adversely affect the business, operations, assets (including the Project), or condition (financial or otherwise) of Borrower, General Partner or Guarantor, as applicable; (b) subject to, or in default with respect to, any other Legal Requirement that would have a material adverse effect on the business, operations, assets (including the Project), or condition (financial or otherwise) of Borrower, General Partner or Guarantor, as applicable; or (c) in default with respect to any agreement to which Borrower, General Partner or Guarantor, as applicable, are a party or by which they are bound, which default would have a material adverse effect on the business, operations, assets (including the Project), or condition (financial or otherwise) of Borrower, General Partner or Guarantor, as applicable; and (d) there is no Legal Action pending or, to the knowledge of Borrower, threatened against or affecting Borrower, General Partner or Guarantor questioning the validity or the enforceability of this Borrower Loan Agreement or any of the other Borrower Loan Documents or the Funding Loan Documents or of any of the Related Documents. All tax returns (federal, state and local) required to be filed by or on behalf of the Borrower have been filed, and all taxes shown thereon to be due, including interest and penalties, except such, if any, as are being actively contested by the Borrower in good faith, have been paid or adequate reserves have been made for the payment thereof which reserves, if any, are reflected in the audited financial statements described therein. The Borrower enjoys the peaceful and undisturbed possession of all of the premises upon which it is operating its facilities.

Section 4.1.5 Agreements; Consents; Approvals. Except as contemplated by the Borrower Loan Documents and the Funding Loan Documents, the Borrower is not a party to any agreement or instrument or subject to any restriction that would materially adversely affect the Borrower, the Project, or the Borrower's business, properties, operations or financial condition, except the Permitted

Encumbrances. The Borrower is not in default in any material respect in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any Permitted Encumbrance or any other agreement or instrument to which it is a party or by which it or the Project is bound.

No consent or approval of any trustee or holder of any indebtedness of the Borrower, and to the best knowledge of the Borrower and only with respect to the Borrower, no consent, permission, authorization, order or license of, or filing or registration with, any governmental authority (except no representation is made with respect to any state securities or "blue sky" laws) is necessary in connection with the execution and delivery of the Borrower Loan Documents or the Funding Loan Documents, or the consummation of any transaction herein or therein contemplated, or the fulfillment of or compliance with the terms and conditions hereof or thereof, except as have been obtained or made and as are in full force and effect.

Section 4.1.6 Title. The Borrower shall have marketable leasehold title to the Project, free and clear of all Liens except the Permitted Encumbrances. The Security Instrument, when properly recorded in the appropriate records, together with any UCC financing statements required to be filed in connection therewith, will create (i) a valid, perfected first priority lien on the fee (or leasehold, if applicable) interest in the Project and (ii) perfected security interests in and to, and perfected collateral assignments of, all of Borrower's right, title and interest in the personalty included in the Project (including the Leases), to the extent such personalty is the type in which a security interest may be perfected under the UCC by filing of a financing statement with the Secretary of State of the State, all in accordance with the terms thereof, in each case subject only to any applicable Permitted Encumbrances. To the Borrower's knowledge, there are no delinquent real property taxes or assessments, including water and sewer charges, with respect to the Project, nor are there any claims for payment for work, labor or materials affecting the Project which are or may become a Lien prior to, or of equal priority with, the Liens created by the Borrower Loan Documents and the Funding Loan Documents.

Section 4.1.7 Survey. To the best knowledge of the Borrower, the survey for the Project delivered to the Governmental Lender and the Funding Lender does not fail to reflect any material matter affecting the Project or the title thereto.

Section 4.1.8 No Bankruptcy Filing. The Borrower is not contemplating either the filing of a petition by it under any state or federal bankruptcy or insolvency law or the liquidation of all or a major portion of its property (a "Bankruptcy Proceeding"), and the Borrower has no knowledge of any Person contemplating the filing of any such petition against it. As of the Closing Date, the Borrower has the ability to pay its debts as they become due.

Section 4.1.9 Full and Accurate Disclosure. No statement of fact made by the Borrower in any Borrower Loan Document or any Funding Loan Document contains any untrue statement of a material fact or omits to state any material fact necessary to make statements contained therein in light of the circumstances in which they were made, not misleading. There is no material fact or circumstance presently known to the Borrower that has not been disclosed to the Governmental Lender and the Funding Lender which materially and adversely affects the Project or the business, operations or financial condition of the Borrower or the Borrower's ability to meet its obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and Funding Loan Documents to which it is a party in a timely manner.

Section 4.1.10 No Plan Assets. The Borrower is not an "employee benefit plan," as defined in Section 3(3) of ERISA, subject to Title I of ERISA, and none of the assets of the Borrower constitutes or will constitute "plan assets" of one or more such plans within the meaning of 29 C.F.R. Section 2510.3-101.

Section 4.1.11 Compliance. The Borrower, the Project and the use thereof will comply, to the extent required, in all material respects with all applicable Legal Requirements. The Borrower is not in default or violation of any order, writ, injunction, decree or demand of any Governmental Authority, the violation of which would materially adversely affect the financial condition or the business of the Borrower. There has not been committed by the Borrower or any Borrower Affiliate involved with the operation or use of the Project any act or omission affording any Governmental Authority the right of forfeiture as against the Project or any part thereof or any moneys paid in performance of the Borrower's obligations under any Borrower Loan Document or any Funding Loan Document.

Section 4.1.12 Contracts. All service, maintenance or repair contracts affecting the Project have been entered into at arm's length (except for such contracts between the Borrower and its affiliates or the affiliates of the Borrower Controlling Entity of the Borrower) in the ordinary course of the Borrower's business and provide for the payment of fees in amounts and upon terms comparable to existing market rates.

Section 4.1.13 Financial Information. All financial data, including any statements of cash flow and income and operating expense, that have been delivered to the Governmental Lender or the Funding Lender in respect of the Project by or on behalf of the Borrower, to the best knowledge of the Borrower, (i) are accurate and complete in all material respects, (ii) accurately represent the financial condition of the Project as of the date of such reports, and (iii) to the extent prepared by an independent certified public accounting firm, have been prepared in accordance with GAAP consistently applied throughout the periods covered, except as disclosed therein. Other than pursuant to or permitted by the Borrower Loan Documents or the Funding Loan Documents or the Borrower organizational documents, the Borrower has no contingent liabilities, unusual forward or long-term commitments or unrealized or anticipated losses from any unfavorable commitments. Since the date of such financial statements, there has been no materially adverse change in the financial condition, operations or business of the Borrower from that set forth in said financial statements.

Section 4.1.14 Condemnation. No Condemnation or other proceeding has been commenced or, to the Borrower's knowledge, is contemplated, threatened or pending with respect to all or part of the Project or for the relocation of roadways providing access to the Project.

Section 4.1.15 Federal Reserve Regulations. No part of the proceeds of the Borrower Loan will be used for the purpose of purchasing or acquiring any "margin stock" within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or for any other purpose that would be inconsistent with such Regulation U or any other regulation of such Board of Governors, or for any purpose prohibited by Legal Requirements or any Borrower Loan Document or Funding Loan Document.

Section 4.1.16 Utilities and Public Access. To the best of the Borrower's knowledge, the Project is or will be served by water, sewer, sanitary sewer and storm drain facilities adequate to service it for its intended uses. All public utilities necessary or convenient to the full use and enjoyment of the Project are or will be located in the public right-of-way abutting the Project, and all such utilities are or will be connected so as to serve the Project without passing over other property absent a valid easement. All roads necessary for the use of the Project for its current purpose have been or will be completed and dedicated to public use and accepted by all Governmental Authorities. Except for Permitted Encumbrances, the Project does not share ingress and egress through an easement or private road or share on-site or off-site recreational facilities and amenities that are not located on the Project and under the exclusive control of the Borrower, or where there is shared ingress and egress or amenities, there exists an easement or joint use and maintenance agreement under which (i) access to and use and enjoyment of the easement or private road and/or recreational facilities and amenities is perpetual, (ii) the number of parties sharing such easement and/or recreational facilities and amenities must be specified, (iii) the Borrower's responsibilities

and share of expenses are specified, and (iv) the failure to pay any maintenance fee with respect to an easement will not result in a loss of usage of the easement.

Section 4.1.17 Not a Foreign Person. The Borrower is not a "foreign person" within the meaning of §1445(f)(3) of the Code.

Section 4.1.18 Separate Lots. Each parcel comprising the Land is a separate tax lot and is not a portion of any other tax lot that is not a part of the Land.

Section 4.1.19 Assessments. There are no pending or, to the Borrower's best knowledge, proposed special or other assessments for public improvements or otherwise affecting the Project, or any contemplated improvements to the Project that may result in such special or other assessments.

Section 4.1.20 Enforceability. The Borrower Loan Documents and the Funding Loan Documents are not subject to, and the Borrower has not asserted, any right of rescission, set-off, counterclaim or defense, including the defense of usury.

Section 4.1.21 Insurance. The Borrower has obtained the insurance required by this Borrower Loan Agreement, if applicable, and the Security Instrument and has delivered to the Servicer copies of insurance policies or certificates of insurance reflecting the insurance coverages, amounts and other requirements set forth in this Borrower Loan Agreement, if applicable, and the Security Instrument.

Section 4.1.22 Use of Property; Licenses. The Project will be used exclusively as a multifamily residential rental project and other appurtenant and related uses, which use is consistent with the applicable zoning classification for the Project, if any. All certifications, permits, licenses and approvals, including certificates of completion and occupancy permits required for the legal use or legal, nonconforming use, as applicable, occupancy and operation of the Project (collectively, the "Licenses") required at this time for the construction or rehabilitation, as appropriate, and equipping of the Project have been obtained. To the Borrower's knowledge, all Licenses obtained by the Borrower have been validly issued and are in full force and effect. The Borrower has no reason to believe that any of the Licenses required for the future use and occupancy of the Project and not heretofore obtained by the Borrower will not be obtained by the Borrower in the ordinary course following the Completion Date. No Licenses will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project, including any transfer pursuant to foreclosure sale under the Security Instrument or deed in lieu of foreclosure thereunder. The Project does not violate any density or building setback requirements of the applicable zoning law except to the extent, if any, shown on the survey. No proceedings are, to the best of the Borrower's knowledge, pending or threatened that would result in a change of the zoning of the Project.

Section 4.1.23 Flood Zone. On the Closing Date, no structure on the Land lies or is located in an identifiable or designated Special Flood Hazard Area. Subsequent to the Closing Date, if the Land is determined to be in a Special Flood Hazard Area, Borrower will obtain appropriate flood insurance as required under the National Flood Insurance Act of 1968, Flood Disaster Protection Act of 1973, or the National Flood Insurance Reform Act of 1994 as amended or as required by the Servicer pursuant to its underwriting guidelines.

Section 4.1.24 Physical Condition. The Project, including all Improvements, parking facilities, systems, fixtures, Equipment and landscaping, are or, after completion of the construction, rehabilitation and/or repairs, as appropriate, will be in good and habitable condition in all material respects and in good order and repair in all material respects (reasonable wear and tear excepted). The Borrower has not received notice from any insurance company or bonding company of any defect or inadequacy in the Project, or any part thereof, which would adversely affect its insurability or cause the imposition of

extraordinary premiums or charges thereon or any termination of any policy of insurance or bond. The physical configuration of the Project is not in material violation of the ADA, if required under applicable law.

Section 4.1.25 Encroachments. All of the Improvements included in determining the appraised value of the Project will lie wholly within the boundaries and building restriction lines of the Project, and no improvement on an adjoining property encroaches upon the Project, and no easement or other encumbrance upon the Project encroaches upon any of the Improvements, so as to affect the value or marketability of the Project, except those insured against by the Title Insurance Policy or disclosed in the survey of the Project as approved by the Servicer.

Section 4.1.26 State Law Requirements. The Borrower hereby represents, covenants and agrees to comply with the provisions of all applicable state laws relating to the Borrower Loan, the Governmental Lender Notes and the Project.

Section 4.1.27 Filing and Recording Taxes. All transfer taxes, deed stamps, intangible taxes or other amounts in the nature of transfer taxes required to be paid by any Person under applicable Legal Requirements in connection with the transfer of the Project to the Borrower have been paid. All mortgage, mortgage recording, stamp, intangible or other similar taxes required to be paid by any Person under applicable Legal Requirements in connection with the execution, delivery, recordation, filing, registration, perfection or enforcement of any of the Borrower Loan Documents and the Funding Loan Documents have been or will be paid.

Section 4.1.28 Investment Company Act. The Borrower is not (i) an "investment company" or a company "controlled" by an "investment company," within the meaning of the Investment Company Act of 1940, as amended; or (ii) a "holding company" or a "subsidiary company" of a "holding company" or an "affiliate" of either a "holding company" or a "subsidiary company" within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.1.29 Fraudulent Transfer. The Borrower has not accepted the Borrower Loan or entered into any Borrower Loan Document or Funding Loan Document with the actual intent to hinder, delay or defraud any creditor, and the Borrower has received reasonably equivalent value in exchange for its obligations under the Borrower Loan Documents and the Funding Loan Documents. Giving effect to the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents, the fair saleable value of the Borrower's assets exceeds and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, exceed the Borrower's total liabilities, including subordinated, unliquidated, disputed or contingent liabilities. The fair saleable value of the Borrower's assets is and will, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents, be greater than the Borrower's probable liabilities, including the maximum amount of its contingent liabilities or its debts as such debts become absolute and matured. The Borrower's assets do not and, immediately following the execution and delivery of the Borrower Loan Documents and the Funding Loan Documents will not, constitute unreasonably small capital to carry out its business as conducted or as proposed to be conducted. The Borrower does not intend to, and does not believe that it will, incur debts and liabilities (including contingent liabilities and other commitments) beyond its ability to pay such debts as they mature (taking into account the timing and amounts to be payable on or in respect of obligations of the Borrower).

Section 4.1.30 Ownership of the Borrower. Except as set forth in the Partnership Agreement of the Borrower, the Borrower has no obligation to any Person to purchase, repurchase or issue any ownership interest in it.

Section 4.1.31 Environmental Matters. To the best of Borrower's knowledge, the Project is not in violation of any Legal Requirement pertaining to or imposing liability or standards of conduct concerning environmental regulation, contamination or clean-up, and will comply with covenants and requirements relating to environmental hazards as set forth in the Security Instrument. The Borrower will execute and deliver the Agreement of Environmental Indemnification.

Section 4.1.32 Name; Principal Place of Business. Unless prior Written Notice is given to the Funding Lender, the Borrower does not use and will not use any trade name, and has not done and will not do business under any name other than its actual name set forth herein. The principal place of business of the Borrower is its primary address for notices as set forth in Section 10.1 hereof, and the Borrower has no other place of business, other than the Project and such principal place of business.

Section 4.1.33 Subordinated Debt. There is no secured or unsecured indebtedness with respect to the Project or any residual interest therein, other than Permitted Encumbrances and the permitted indebtedness described in Section 6.7 hereof, except an unsecured deferred developer fee not to exceed the amount permitted by Funding Lender as determined on the Closing Date and unsecured, subordinate partner loans to the Borrower permitted or required under the terms of the Partnership Agreement, which are subject to complete standstill.

Section 4.1.34 Filing of Taxes. The Borrower has filed (or has obtained effective extensions for filing) all federal, state and local tax returns required to be filed and has paid or made adequate provision for the payment of all federal, state and local taxes, charges and assessments, if any, payable by the Borrower.

Section 4.1.35 General Tax. All representations, warranties and certifications of the Borrower set forth in the Regulatory Agreement and the Tax Certificates are incorporated by reference herein and the Borrower will comply with such as if set forth herein. As of the Closing Date, the Borrower is in compliance with all requirements of the Tax Certificates, and the representations set forth in the Tax Certificates are true and accurate.

Section 4.1.36 Approval of the Borrower Loan Documents and Funding Loan Documents. By its execution and delivery of this Borrower Loan Agreement, the Borrower approves the form and substance of the Borrower Loan Documents and the Funding Loan Documents, and agrees to carry out the responsibilities and duties specified in the Borrower Loan Documents and the Funding Loan Documents to be carried out by the Borrower. The Borrower acknowledges that (a) it understands the nature and structure of the transactions relating to the financing of the Project, (b) it is familiar with the provisions of all of the Borrower Loan Documents and the Funding Loan Documents and other documents and instruments relating to the financing, (c) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (d) it has not relied on the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by the Borrower Loan Documents and the Funding Loan Documents or otherwise relied on the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer in any manner.

Section 4.1.37 Funding Loan Agreement. The Borrower has read and accepts and agrees that it is bound by the Funding Loan Agreement and the Funding Loan Documents.

Section 4.1.38 Americans with Disabilities Act. The Project, as designed, will conform in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project, including, but not limited

to, the Americans with Disabilities Act of 1990 ("ADA"), to the extent required (as evidenced by an architect's certificate to such effect).

Section 4.1.39 Requirements of Act, Code and Regulations. The Project satisfies all requirements of the Act, the Code and the Regulations applicable to the Project.

Section 4.1.40 Regulatory Agreement. In order to maintain the exclusion from gross income for federal income tax purposes of interest on the Governmental Lender Notes and to ensure compliance with the Act and other laws of the State, and certain additional requirements of the Governmental Lender, the Borrower has, concurrently with or before the issuance of the Governmental Lender Notes, executed and delivered and will cause to be recorded in the official records of Travis County, Texas, the Regulatory Agreement. The Borrower is in compliance with all requirements of the Regulatory Agreement, and the representations set forth in the Regulatory Agreement pertaining to the Borrower and the Project are true and accurate. The Borrower intends to cause the Units in the Project to be rented or available for rental on a basis which satisfies the requirements of the Regulatory Agreement, including all applicable requirements of the Act and the Code, and pursuant to leases which comply with all applicable laws and the Regulatory Agreement.

Section 4.1.41 Intention to Hold Project. The Borrower intends to hold the Project for its own account and, other than as may be set forth in the Ground Lease and the Partnership Agreement, has no current plans, and has not entered into any agreement, to sell the Project or any part of it; and the Borrower intends to occupy the Project or cause the Project to be occupied and to operate it or cause it to be operated at all times during the term of this Borrower Loan Agreement in compliance with the terms of this Borrower Loan Agreement and the Regulatory Agreement and does not know of any reason why the Project will not be so used by it in the absence of circumstances not now anticipated by it or totally beyond its control.

Section 4.1.42 Concerning General Partner.

(a) The General Partner is a limited liability company, duly organized and validly existing and in good standing under the laws of the State. The General Partner has all requisite power and authority, rights and franchises to enter into and perform its obligations under the Borrower Loan Documents and the Funding Loan Documents to be executed by such General Partner for its own account and on behalf of Borrower, as General Partner of Borrower, under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents.

(b) General Partner has made all filings (including, without limitation, all required filings related to the use of fictitious business names) and is in good standing in the State and in each other jurisdiction in which the character of the property it owns or the nature of the business it transacts makes such filings necessary or where the failure to make such filings could have a material adverse effect on the business, operations, assets, condition (financial or otherwise) or prospects of General Partner.

(c) General Partner is duly authorized to do business in the State.

(d) The execution, delivery and performance by Borrower of the Borrower Loan Documents and the Funding Loan Documents have been duly authorized by all necessary action of General Partner on behalf of Borrower, and by all necessary action on behalf of General Partner.

(e) The execution, delivery and performance by General Partner, on behalf of Borrower, of the Borrower Loan Documents and the Funding Loan Documents will not violate (i) General Partner's organizational documents; (ii) any other Legal Requirement affecting General Partner or any of

its properties; or (iii) any agreement to which General Partner is bound or to which it is a party; and will not result in or require the creation (except as provided in or contemplated by this Borrower Loan Agreement) of any Lien upon any of such properties, any of the Collateral or any of the property or funds pledged or delivered to Funding Lender pursuant to the Security Documents.

Section 4.1.43 Government and Private Approvals. All governmental or regulatory orders, consents, permits, authorizations and approvals required for the construction, rehabilitation, use, occupancy and operation of the Improvements, that may be granted or denied in the discretion of any Governmental Authority, have been obtained and are in full force and effect (or, in the case of any of the foregoing that Borrower is not required to have as of the Closing Date, will be obtained), and will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. All such orders, consents, permits, authorizations and approvals that may not be denied in the discretion of any Governmental Authority shall be obtained prior to the commencement of any work for which such orders, consents, permits, authorizations or approvals are required, and, once obtained, such orders, consents, permits, authorizations and approvals will be maintained in full force and effect at all times during the construction or rehabilitation of the Improvements. Except as set forth in the preceding two sentences, no additional governmental or regulatory actions, filings or registrations with respect to the Improvements, and no approvals, authorizations or consents of any trustee or holder of any indebtedness or obligation of Borrower, are required for the due execution, delivery and performance by Borrower or General Partner of any of the Borrower Loan Documents or the Funding Loan Documents or the Related Documents executed by Borrower or General Partner, as applicable. All required zoning approvals have been obtained, and the zoning of the Land for the Project is not conditional upon the happening of any further event.

Section 4.1.44 Concerning Guarantor. The Borrower Loan Documents and the Funding Loan Documents to which the Guarantor is a party or a signatory executed simultaneously with this Borrower Loan Agreement have been duly executed and delivered by Guarantor and are legally valid and binding obligations of Guarantor, enforceable against Guarantor in accordance with their terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting creditors' rights generally and by general principles of equity.

Section 4.1.45 No Material Defaults. Except as previously disclosed to Funding Lender in writing, there exists no material violation of or material default by Borrower under, and, to the best knowledge of Borrower, no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default with respect to: (i) the terms of any instrument evidencing, securing or guaranteeing any indebtedness secured by the Project or any portion or interest thereof or therein; (ii) any lease or other agreement affecting the Project or to which Borrower is a party; (iii) any license, permit, statute, ordinance, law, judgment, order, writ, injunction, decree, rule or regulation of any Governmental Authority, or any determination or award of any arbitrator to which Borrower or the Project may be bound; or (iv) any mortgage, instrument, agreement or document by which Borrower or any of its respective properties is bound; in the case of any of the foregoing: (1) which involves any Borrower Loan Document or Funding Loan Document; (2) which involves the Project and is not adequately covered by insurance; (3) that might materially and adversely affect the ability of Borrower, General Partner or Guarantor or to perform any of its respective obligations under any of the Borrower Loan Documents or the Funding Loan Documents or any other material instrument, agreement or document to which it is a party; or (4) which might adversely affect the priority of the Liens created by this Borrower Loan Agreement or any of the Borrower Loan Documents or the Funding Loan Documents.

Section 4.1.46 Payment of Taxes. Except as previously disclosed to Funding Lender in writing: (i) all tax returns and reports of Borrower, General Partner and Guarantor required to be filed have been timely filed, and all taxes, assessments, fees and other governmental charges upon Borrower, General Partner and Guarantor, and upon their respective properties, assets, income and franchises, which are due

and payable have been paid when due and payable; and (ii) Borrower knows of no proposed tax assessment against it or against General Partner or Guarantor that would be material to the condition (financial or otherwise) of Borrower, General Partner or Guarantor, and neither Borrower nor General Partner has contracted with any Governmental Authority in connection with such taxes.

Section 4.1.47 Rights to Project Agreements and Licenses. Borrower is the legal and beneficial owner of all rights in and to the Plans and Specifications and all existing Project Agreements and Licenses, and will be the legal and beneficial owner of all rights in and to all future Project Agreements and Licenses except as pledged in the Borrower Loan Documents. Borrower's interest in the Plans and Specifications and all Project Agreements and Licenses is not subject to any present claim (other than under the Borrower Loan Documents and the Funding Loan Documents or as otherwise approved by Funding Lender in its sole discretion), set-off or deduction other than in the ordinary course of business.

Section 4.1.48 Patriot Act Compliance. Borrower is not now, nor has ever been (i) listed on any Government Lists (as defined below), (ii) a person who has been determined by a Governmental Authority to be subject to the prohibitions contained in Presidential Executive Order No. 13224 (Sept. 23, 2001) or any other similar prohibitions contained in the rules and regulations of OFAC or in any enabling legislation or other Presidential Executive Orders in respect thereof, (iii) indicted for or convicted of any felony involving a crime or crimes of moral turpitude or for any Patriot Act Offense, or (iv) under investigation by any Governmental Authority for alleged criminal activity. For purposes hereof, the term "Patriot Act Offense" shall mean any violation of the criminal laws of the United States of America or of any of the several states, or that would be a criminal violation if committed within the jurisdiction of the United States of America or any of the several states, relating to terrorism or the laundering of monetary instruments, including any offense under (A) the criminal laws against terrorism; (B) the criminal laws against money laundering, (C) Bank Representative Secrecy Act, as amended, (D) the Money Laundering Control Act of 1986, as amended, or (E) the Patriot Act. "Patriot Act Offense" also includes the crimes of conspiracy to commit, or aiding and abetting another to commit, a Patriot Act Offense. For purposes hereof, the term "Government Lists" shall mean (1) the Specially Designated Nationals and Blocked Persons Lists maintained by the Office of Foreign Assets Control ("OFAC"), (2) any other list of terrorists, terrorist organizations or narcotics traffickers maintained pursuant to any of the Rules and Regulations of OFAC that Funding Lender notified Borrower in writing is now included in "Government Lists", or (3) any similar lists maintained by the United States Department of State, the United States Department of Commerce or any other Governmental Authority or pursuant to any Executive Order of the President of the United States of America that Funding Lender notified Borrower in writing is now included in "Government Lists".

Section 4.1.49 Rent Schedule. Borrower has prepared a prospective Unit absorption and rent collection schedule with respect to the Project substantially in the form attached as an exhibit to the Construction Funding Agreement, which schedule takes into account, among other relevant factors (i) a schedule of minimum monthly rentals for the Units, and (ii) any and all concessions including free rent periods, and on the basis of such schedule, Borrower believes it will collect rents with respect to the Project in amounts greater than or equal to debt service on the Borrower Loan.

Section 4.1.50 Other Documents. Each of the representations and warranties of Borrower or General Partner contained in any of the other Borrower Loan Documents or the Funding Loan Documents or Related Documents is true and correct in all material respects (or, in the case of representations or warranties contained in any of the other Borrower Loan Documents or Funding Loan Documents or Related Documents that speak as of a particular date, were true and correct in all material respects as of such date). All of such representations and warranties are incorporated herein for the benefit of Funding Lender.

Section 4.1.51 Subordinate Loan Documents. The Subordinate Loan Documents are in full force and effect and the Borrower has paid all commitment fees and other amounts due and payable to the Subordinate Lender(s) thereunder. There exists no material violation of or material default by the Borrower under, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default under the Subordinate Loan Documents.

Section 4.1.52 Ground Lease. The Ground Lease is in full force and effect and the Borrower has paid all rent and other amounts due and payable to the ground lessor thereunder. There exists no material violation of or material default by the Borrower under the Ground Lease, and no event has occurred which, upon the giving of notice or the passage of time, or both, would constitute a material default by any other party under the Ground Lease. Without the Funding Lender's prior written consent, the Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Ground Lease.

Section 4.1.53 Revenue Sufficient. The Borrower certifies, based upon the pro forma budget, that the revenues from the Project are projected to be sufficient to pay the principal of, premium, if any, and interest on the Governmental Lender Notes and all other obligations under the documents to which the Borrower is a party and that the Borrower has not incurred any indebtedness for borrowed money (other than in the ordinary course of business) other than under this Borrower Loan Agreement and the Security Instrument.

Section 4.1.54 Location of Project. The Project is located entirely inside Travis County, Texas.

Section 4.2. Survival of Representations and Covenants. All of the representations and warranties in Section 4.1 hereof and elsewhere in the Borrower Loan Documents (i) shall survive for so long as any portion of the Borrower Payment Obligations remains due and owing and (ii) shall be deemed to have been relied upon by the Governmental Lender and the Servicer notwithstanding any investigation heretofore or hereafter made by the Governmental Lender or the Servicer or on its or their behalf, provided, however, that the representations, warranties and covenants set forth in Section 4.1.31 hereof shall survive in perpetuity and shall not be subject to the exculpation provisions of Section 11.1 hereof.

ARTICLE V

AFFIRMATIVE COVENANTS

During the term of this Borrower Loan Agreement, the Borrower hereby covenants and agrees with the Governmental Lender, the Funding Lender and the Servicer that:

Section 5.1. Existence. The Borrower shall (i) do or cause to be done all things necessary to preserve, renew and keep in full force and effect its existence and its material rights, and franchises, (ii) continue to engage in the business presently conducted by it, (iii) obtain and maintain all material Licenses, and (iv) qualify to do business and remain in good standing under the laws of the State.

Section 5.2. Taxes and Other Charges. The Borrower shall pay all Taxes and Other Charges as the same become due and payable and prior to their becoming delinquent in accordance with the Security Instrument, except to the extent that the amount, validity or application thereof is being contested in good faith as permitted by the Security Instrument.

The Borrower covenants to pay all Taxes and Other Charges of any type or character charged to the Funding Lender affecting the amount available to the Funding Lender from payments to be received

hereunder or in any way arising due to the transactions contemplated hereby (including Taxes and Other Charges assessed or levied by any public agency or governmental authority of whatsoever character having power to levy Taxes or assessments) but excluding franchise taxes based upon the capital and/or income of the Funding Lender and taxes based upon or measured by the net income of the Funding Lender; provided, however, that the Borrower shall have the right to protest any such Taxes or Other Charges and to require the Funding Lender, at the Borrower's expense, to protest and contest any such Taxes or Other Charges levied upon them and that the Borrower shall have the right to withhold payment of any such Taxes or Other Charges pending disposition of any such protest or contest unless such withholding, protest or contest would adversely affect the rights or interests of the Funding Lender. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.3. Repairs; Maintenance and Compliance; Physical Condition. The Borrower shall cause the Project to be maintained in a good, habitable and safe (so as to not threaten the health or safety of the Project's tenants or their invited guests) condition and repair (reasonable wear and tear excepted) as set forth in the Security Instrument and shall not remove, demolish or materially alter the Improvements or Equipment (except for removal of aging or obsolete equipment or furnishings in the normal course of business), except as provided in the Security Instrument.

Section 5.4. Litigation. The Borrower shall give prompt Written Notice to the Governmental Lender, the Funding Lender and the Servicer of any litigation, governmental proceedings or claims or investigations regarding an alleged actual violation of a Legal Requirement pending or, to the Borrower's knowledge, threatened against the Borrower which might materially adversely affect the Borrower's condition (financial or otherwise) or business or the Project.

Section 5.5. Performance of Other Agreements. The Borrower shall observe and perform in all material respects each and every term to be observed or performed by it pursuant to the terms of any agreement or instrument affecting or pertaining to the Project.

Section 5.6. Notices. The Borrower shall promptly advise the Governmental Lender, the Funding Lender and the Servicer of (i) any Material Adverse Change in the Borrower's financial condition, assets, properties or operations other than general changes in the real estate market, (ii) any fact or circumstance affecting the Borrower or the Project that materially and adversely affects the Borrower's ability to meet its obligations hereunder or under any of the other Borrower Loan Document to which it is a party in a timely manner, or (iii) the occurrence of any Potential Default or Event of Default of which the Borrower has knowledge. If the Borrower becomes subject to federal or state securities law filing requirements, the Borrower shall cause to be delivered to the Governmental Lender, the Funding Lender and the Servicer any Securities and Exchange Commission or other public filings, if any, of the Borrower within two (2) Business Days of such filing.

Section 5.7. Cooperate in Legal Proceedings. The Borrower shall cooperate fully with the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer with respect to, and permit the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer at their option, to participate in, any proceedings before any Governmental Authority that may in any way affect the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and/or the Servicer under any Borrower Loan Document or Funding Loan Document.

Section 5.8. Further Assurances. The Borrower shall, at the Borrower's sole cost and expense (except as provided in Section 9.1 hereof), (i) furnish to the Servicer, the Fiscal Agent and the Funding Lender all instruments, documents, boundary surveys, footing or foundation surveys (to the extent that Borrower's construction or renovation of the Project alters any existing building foundations or footprints),

certificates, plans and specifications, appraisals, title and other insurance reports and agreements, reasonably requested in writing by the Servicer, the Fiscal Agent or the Funding Lender for the better and more efficient carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents; (ii) execute and deliver to the Servicer and the Funding Lender such documents, instruments, certificates, assignments and other writings, and do such other acts necessary or desirable, to evidence, preserve and/or protect the collateral at any time securing or intended to secure the Borrower Loan, as the Servicer, the Fiscal Agent and the Funding Lender may reasonably require in writing from time to time; (iii) do and execute all and such further lawful and reasonable acts, conveyances and assurances for the better and more effective carrying out of the intents and purposes of the Borrower Loan Documents and the Funding Loan Documents, as the Servicer, the Fiscal Agent or the Funding Lender shall reasonably require in writing from time to time; provided, however, with respect to clauses (i)-(iii) above, the Borrower shall not be required to do anything that has the effect of (A) changing the essential economic terms of the Borrower Loan or (B) imposing upon the Borrower greater personal liability under the Borrower Loan Documents and the Funding Loan Documents; and (iv) upon the Servicer's, the Fiscal Agent's or the Funding Lender's request therefor given from time to time after the occurrence of any Potential Default or Event of Default for so long as such Potential Default or Event of Default, as applicable, is continuing pay for (a) reports of UCC, federal tax lien, state tax lien, judgment and pending litigation searches with respect to the Borrower and (b) searches of title to the Project, each such search to be conducted by search firms reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender in each of the locations reasonably designated by the Servicer, the Fiscal Agent or the Funding Lender.

Section 5.9. Delivery of Financial Information. After written notice to the Borrower of a Secondary Market Disclosure Document, the Borrower shall, concurrently with any delivery to the Funding Lender or the Servicer, deliver copies of all financial information required under Article IX.

Section 5.10. Environmental Matters. So long as the Borrower owns or is in possession of the Project, the Borrower shall (a) keep the Project in substantial compliance with all Hazardous Materials Laws (as defined in the Security Instrument), (b) promptly notify the Funding Lender, the Fiscal Agent, the Governmental Lender and the Servicer if the Borrower shall become aware that any Hazardous Materials (as defined in the Security Instrument) are on or near the Project in violation of Hazardous Materials Laws, and (c) commence and thereafter diligently prosecute to completion all remedial work necessary with respect to the Project required under any Hazardous Material Laws, in each case as set forth in the Security Instrument or the Agreement of Environmental Indemnification.

Section 5.11. Governmental Lender's, Fiscal Agent's and Funding Lender's Fees. The Borrower covenants to pay the reasonable fees and expenses of the Governmental Lender (including the Governmental Lender Fee), the Fiscal Agent, the Funding Lender or any agents, attorneys, accountants, consultants selected by the Governmental Lender, the Fiscal Agent, the Funding Lender or the Funding Lender to act on its behalf in connection with this Borrower Loan Agreement and the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents, including, without limitation, any and all reasonable expenses incurred in connection with the making of the Borrower Loan or in connection with any litigation which may at any time be instituted involving the Borrower Loan, this Borrower Loan Agreement, the other Borrower Loan Documents, the Regulatory Agreement and the Funding Loan Documents or any of the other documents contemplated thereby, or in connection with the reasonable supervision or inspection of the Borrower, its properties, assets or operations or otherwise in connection with the administration of the foregoing. This obligation shall remain valid and in effect notwithstanding repayment of the Borrower Loan hereunder or termination of this Borrower Loan Agreement.

Section 5.12. Estoppel Statement. The Borrower shall furnish to the Funding Lender, the Fiscal Agent or the Servicer for the benefit of the Funding Lender or the Servicer within ten (10) days after written

request by the Funding Lender and the Servicer, with a statement, duly acknowledged and certified, setting forth (i) the unpaid principal of the Borrower Notes (subject to Section 2.7), (ii) the applicable Interest Rate, (iii) the date installments of interest and/or principal were last paid, (iv) any offsets or defenses to the payment of the Borrower Payment Obligations, and (v) that the Borrower Loan Documents and the Funding Loan Documents to which the Borrower is a party are valid, legal and binding obligations of the Borrower and have not been modified or, if modified, giving particulars of such modification, and no Event of Default exists thereunder or specify any Event of Default that does exist thereunder. The Borrower shall use commercially reasonable efforts to furnish to the Funding Lender or the Servicer, within 30 days of a written request by the Funding Lender or Servicer, tenant estoppel certificates from each commercial tenant at the Project in form and substance reasonably satisfactory to the Funding Lender and the Servicer; provided that the Funding Lender and the Servicer shall not make such requests more frequently than twice in any year.

Section 5.13. Defense of Actions. The Borrower shall appear in and defend any action or proceeding purporting to affect the security for this Borrower Loan Agreement hereunder or under the Borrower Loan Documents and the Funding Loan Documents, and shall pay, in the manner required by Section 2.4 hereof, all costs and expenses, including the cost of evidence of title and attorneys' fees, in any such action or proceeding in which Funding Lender may appear. If the Borrower fails to perform any of the covenants or agreements contained in this Borrower Loan Agreement or any other Borrower Loan Document, or if any action or proceeding is commenced that is not diligently defended by the Borrower which affects the Funding Lender's interest in the Project or any part thereof, including eminent domain, code enforcement or proceedings of any nature whatsoever under any federal or state law, whether now existing or hereafter enacted or amended, then the Funding Lender may make such appearances, disburse such sums and take such action as the Funding Lender deems necessary or appropriate to protect its interests. Such actions include disbursement of attorneys' fees, entry upon the Project to make repairs or take other action to protect the security of the Project, and payment, purchase, contest or compromise of any encumbrance, charge or lien which in the judgment of Funding Lender appears to be prior or superior to the Borrower Loan Documents or the Funding Loan Documents. The Funding Lender shall have no obligation to do any of the above. The Funding Lender may take any such action without notice to or demand upon the Borrower. No such action shall release the Borrower from any obligation under this Borrower Loan Agreement or any of the other Borrower Loan Documents or Funding Loan Documents. In the event (i) that the Security Instrument is foreclosed in whole or in part or that any Borrower Loan Document is put into the hands of an attorney for collection, suit, action or foreclosure, or (ii) of the foreclosure of any mortgage, deed of trust or deed to secure debt prior to or subsequent to the Security Instrument or any Borrower Loan Document in which proceeding the Funding Lender is made a party or (iii) of the bankruptcy of the Borrower or an assignment by the Borrower for the benefit of its creditors, the Borrower shall be chargeable with and agrees to pay all costs of collection and defense, including actual attorneys' fees in connection therewith and in connection with any appellate proceeding or post-judgment action involved therein, which shall be due and payable together with all required service or use taxes.

Section 5.14. Expenses. The Borrower shall pay all reasonable expenses incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 9.1 hereof) in connection with the Borrower Loan and the Governmental Lender Notes, including reasonable fees and expenses of the Governmental Lender's, the Fiscal Agent's, the Funding Lender's and the Servicer's attorneys, environmental, engineering and other consultants, and fees, charges or taxes for the recording or filing of the Borrower Loan Documents and the Funding Loan Documents. The Borrower shall pay or cause to be paid all reasonable expenses of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer (except as provided in Section 9.1 hereof) in connection with the issuance or administration of the Borrower Loan and the Governmental Lender Notes, including audit costs, inspection fees, settlement of condemnation and casualty awards, and premiums for title insurance and endorsements thereto. The Borrower shall, upon request, promptly reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for all reasonable amounts expended, advanced or incurred by

the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer to collect the Borrower Notes, or to enforce the rights of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under this Borrower Loan Agreement or any other Borrower Loan Document, or to defend or assert the rights and claims of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer under the Borrower Loan Documents and the Funding Loan Documents arising out of an Event of Default or with respect to the Project (by litigation or other proceedings) arising out of an Event of Default, which amounts will include all court costs, attorneys' fees and expenses, fees of auditors and accountants, and investigation expenses as may be reasonably incurred by the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer in connection with any such matters (whether or not litigation is instituted), together with interest at the Default Rate on each such amount from the Date of Disbursement until the date of reimbursement to the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer, all of which shall constitute part of the Borrower Loan and the Governmental Lender Notes and shall be secured by the Borrower Loan Documents and the Funding Loan Documents. The obligations and liabilities of the Borrower under this Section 5.14 shall survive the Term of this Borrower Loan Agreement and the exercise by the Governmental Lender, the Governmental Lender Notes, the Fiscal Agent or the Servicer, as the case may be, of any of its rights or remedies under the Borrower Loan Documents and the Funding Loan Documents, including the acquisition of the Project by foreclosure or a conveyance in lieu of foreclosure. Notwithstanding the foregoing, the Borrower shall not be obligated to pay amounts incurred as a result of the gross negligence or willful misconduct of any other party, and any obligations of the Borrower to pay for environmental inspections or audits will be governed by Section 18(i) of the Security Instrument.

Section 5.15. Indemnity.

(a) Indemnification of the Governmental Lender.

(i) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER COVENANTS AND AGREES TO PROTECT, INDEMNIFY AND SAVE THE GOVERNMENTAL LENDER AND ITS RESPECTIVE DIRECTORS, OFFICERS, OFFICIALS, AGENTS OR EMPLOYEES (EACH, A "GOVERNMENTAL LENDER INDEMNIFIED PARTY") HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING ATTORNEYS' FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM (THE "GOVERNMENTAL LENDER INDEMNITY LIABILITIES"), BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS BORROWER LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE MORTGAGED PROPERTY OR THE FINANCING OF THE MORTGAGED PROPERTY INCLUDING WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE MORTGAGED PROPERTY OR THE OPERATION OF THE MORTGAGED PROPERTY DURING THE TERM OF THIS BORROWER LOAN AGREEMENT; (II) ANY BREACH OR DEFAULT ON THE PART OF THE BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS BORROWER LOAN AGREEMENT (OTHER THAN A FAILURE TO PAY THE PRINCIPAL OF, AND ANY INTEREST AND PREMIUM ON, THE BORROWER LOAN, THE FUNDING LOAN OR THE GOVERNMENTAL LENDER NOTES); (III) ANY CLAIM OR CAUSE OF ACTION AGAINST THE GOVERNMENTAL LENDER THAT SEEKS TO IMPOSE LIABILITY ON THE GOVERNMENTAL LENDER WITH RESPECT TO THE GOVERNMENTAL LENDER NOTES, THIS BORROWER LOAN AGREEMENT, THE REGULATORY AGREEMENT OR THE FUNDING LOAN AGREEMENT WHICH EXCEEDS THE LIABILITY OF THE GOVERNMENTAL LENDER AS SET FORTH IN SECTION 11.2 HEREOF; (IV) THE MORTGAGED PROPERTY OR ANY PART THEREOF; (V) ANY

VIOLATION OF ANY CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE MORTGAGED PROPERTY EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES, THE FUNDING LOAN OR THE BORROWER LOAN; OR (VI) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE MORTGAGED PROPERTY OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM ANY GOVERNMENTAL LENDER INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE, AND PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO THE GOVERNMENTAL LENDER; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL LENDER SHALL HAVE THE ABSOLUTE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER;

(ii) IT IS THE INTENTION OF THE PARTIES HERETO THAT THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS BORROWER LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE GOVERNMENTAL LENDER AND ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HEREUNDER IN CONNECTION WITH THE ISSUANCE OF THE GOVERNMENTAL LENDER NOTES, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THIS BORROWER LOAN AGREEMENT, THE REGULATORY AGREEMENT, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES, BY THIS BORROWER LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES BY THE BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS BORROWER LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE MORTGAGED PROPERTY OR THE FINANCING OF THE MORTGAGED PROPERTY, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THIS BORROWER LOAN AGREEMENT, THE REGULATORY AGREEMENT AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION. NEVERTHELESS, IF THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT THE BORROWER SHALL INDEMNIFY AND HOLD THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION REASONABLE FEES AND EXPENSES OF COUNSEL) INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM THE GOVERNMENTAL LENDER THE BORROWER SHALL DEFEND THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COUNSEL REASONABLY SATISFACTORY TO THE GOVERNMENTAL LENDER AND THE BORROWER SHALL PAY THE GOVERNMENTAL LENDER'S EXPENSES INCLUDING PAYMENT OF THE REASONABLE FEES AND EXPENSES OF THE COUNSEL USED BY THE GOVERNMENTAL LENDER; PROVIDED, HOWEVER, THAT THE GOVERNMENTAL LENDER SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION

DESCRIBED IN THE PRECEDING SENTENCE AT THE REASONABLE EXPENSE OF THE BORROWER; AND

(iii) NOTWITHSTANDING ANY PROVISION OF THIS SECTION 5.15(a) TO THE CONTRARY, THE GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL BE INDEMNIFIED BY THE BORROWER WITH RESPECT TO LIABILITIES ARISING FROM THE GOVERNMENTAL LENDER'S OWN, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE GOVERNMENTAL LENDER'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE.

The Borrower agrees to indemnify the Fiscal Agent for and to hold it harmless against all liabilities, claims, costs and expenses incurred, except in the case of gross negligence or willful misconduct on the part of the Fiscal Agent (such gross negligence or willful misconduct determined as finally adjudicated by a court of competent jurisdiction), on account of any action taken or omitted to be taken by the Fiscal Agent in accordance with the terms of the Governmental Lender Notes or the Funding Loan Documents arising out of or in connection with the administration of the trusts hereunder or any action taken at the request of or with the consent of the Borrower or Funding Lender, including the reasonable costs and expenses of the Fiscal Agent in defending itself against any such claim, action or proceeding brought in connection with the exercise or performance of any of its powers or duties under the Governmental Lender Notes or the Funding Loan Documents.

Notwithstanding anything else in this Borrower Loan Agreement to the contrary, except for the provisions of Section 5.15(a)(iii), the Borrower shall be responsible for the reasonable fees, costs and expenses of counsel to the Governmental Lender and Fiscal Agent at all times; provided that the Governmental Lender and Fiscal Agent maintain control of the selection of its counsel at all times.

This indemnification covenant shall survive repayment of the Borrower Loan, the Funding Loan and the Governmental Lender Notes.

(b) In addition to its other obligations hereunder, and in addition to any and all rights of reimbursement, indemnification, subrogation and other rights of Governmental Lender, the Fiscal Agent or Funding Lender pursuant hereto and under law or equity, to the fullest extent permitted by law, the Borrower agrees to indemnify, hold harmless and defend the Funding Lender, the Fiscal Agent, the Servicer, the Beneficiary Parties, Citigroup, Inc. and each of their respective officers, directors, employees, attorneys and agents (each an "Indemnified Party"), against any and all losses, damages, claims, actions, liabilities, reasonable costs and expenses of any nature, kind or character (including, without limitation, reasonable attorneys' fees, litigation and court costs, amounts paid in settlement (to the extent that the Borrower has consented to such settlement) and amounts paid to discharge judgments) (together with the Governmental Lender Indemnity Liabilities, the "Liabilities") to which the Indemnified Parties, or any of them, may become subject under federal or state securities laws or any other statutory law or at common law or otherwise, to the extent arising out of or based upon or in any way relating to:

(i) THE BORROWER LOAN DOCUMENTS AND THE FUNDING LOAN DOCUMENTS OR THE EXECUTION OR AMENDMENT THEREOF OR IN CONNECTION WITH TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE SALE, TRANSFER OR RESALE OF THE BORROWER LOAN OR THE GOVERNMENTAL LENDER NOTES, EXCEPT WITH RESPECT TO ANY SECONDARY MARKET DISCLOSURE DOCUMENT (OTHER THAN ANY BORROWER'S OBLIGATIONS UNDER ARTICLE IX);

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

(iii) Any lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Fiscal Agent or the Funding Lender hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and Other Charges imposed on the Governmental Lender, the Fiscal Agent or the Funding Lender in respect of any portion of the Project;

(iv) Any violation of any environmental law, rule or regulation with respect to, or the release of any toxic substance from, the Project or any part thereof during the period in which the Borrower is in possession or control of the Project, provided that (A) Borrower shall have no obligation hereunder to indemnify any Indemnified Party for any liability under this Section 5.15(b)(iv) to the extent that the violation giving rise to such liability resulted solely from the gross negligence or willful misconduct of such Indemnified Party, and (B) Borrower's liability under this Section 5.15(b)(iv) shall not extend to cover any such violations that first arise, commence or occur as a result of actions of the Indemnified Parties, their successors, assigns or designees, after the satisfaction, discharge, release, assignment, termination or cancellation of the Security Instrument following the payment in full of the Note and all other sums payable under this Borrower Loan Documents or after the actual dispossession from the entire Mortgaged Property of Borrower and all Borrower Affiliates or any Guarantor following foreclosure of the Security Instrument or acquisition of the Mortgaged Property by a deed in lieu of foreclosure;

(v) The enforcement of, or any action taken by the Fiscal Agent or the Funding Lender related to remedies under, this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents;

(vi) Any untrue statement or misleading statement or alleged untrue statement or alleged misleading statement of a material fact by the Borrower made in the course of Borrower applying for the Borrower Loan, the Funding Loan or the Governmental Lender Notes or contained in any of the Borrower Loan Documents or Funding Loan Documents to which the Borrower is a party;

(vii) Any Determination of Taxability;

(viii) Any breach (or alleged breach) by Borrower of any representation, warranty or covenant made in or pursuant to this Borrower Loan Agreement or in connection with any written or oral representation, presentation, report, appraisal or other information given or delivered by Borrower, General Partner, Guarantor or Borrower Affiliates to the Funding Lender, the Fiscal Agent, the Servicer or any other Person in connection with Borrower's application for the Borrower Loan, the Funding Loan and the Governmental Lender Notes (including, without limitation, any breach or alleged breach by Borrower of any agreement with respect to the provision of any substitute credit enhancement);

(ix) any failure (or alleged failure) by Borrower or the Funding Lender to comply with applicable federal and state laws and regulations pertaining to the making of the Borrower Loan, the Funding Loan and the Governmental Lender Notes;

(x) the Project, or the condition, occupancy, use, possession, conduct or management of, or work done in or about, or from the planning, design, acquisition, installation, construction or rehabilitation of, the Project or any part thereof; or

(xi) the use of the proceeds of the Borrower Loan and the Governmental Lender Notes,

EXCEPT IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE FUNDING LENDER, THE FISCAL AGENT OR THE SERVICER OR ANY RELATED INDEMNIFIED PARTY, TO THE EXTENT SUCH DAMAGES ARE CAUSED BY THE GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT OF THE FUNDING LENDER, CITIGROUP, INC., THE FISCAL AGENT, THE SERVICER, OR SUCH INDEMNIFIED PARTY. Notwithstanding anything herein to the contrary, the Borrower's indemnification obligations to the parties specified in Section 9.1.4 hereof with respect to any securitization or Secondary Market Transaction described in Article IX hereof shall be limited to the indemnity set forth in Section 9.1.4 hereof. 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 (which notice shall be timely given so as not to materially impair the Borrower's right to defend), shall assume the investigation and defense thereof, including the employment of counsel reasonably approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; provided that the Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement, which approval shall not be unreasonably withheld. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. 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 and only if in such Indemnified Party's good faith judgment (based on the advice of counsel) a conflict of interest exists or could arise by reason of common representation. IT IS THE INTENTION OF THE BORROWER THAT THE INDEMNITY CONTAINED HEREIN SHALL EXTEND TO LOSSES THAT ARE THE RESULT OF THE NEGLIGENCE OF AN INDEMNIFIED PARTY, EXCLUDING, HOWEVER, ANY LOSS CAUSED BY AN INDEMNIFIED PARTY'S GROSS NEGLIGENCE, FRAUD OR WILLFUL MISCONDUCT AS PROVIDED HEREIN.

Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Borrower Loan Agreement or the Regulatory Agreement, the Borrower shall remain obligated to indemnify the Governmental Lender and each Indemnified Party pursuant to this Section 5.15 if such subsequent owner fails to indemnify any party entitled to be indemnified hereunder, unless the Governmental Lender, the Fiscal Agent and the Funding Lender have consented to such transfer and to the assignment of the rights and obligations of the Borrower hereunder.

The rights of any persons to indemnity hereunder shall survive the final payment or defeasance of the Borrower Loan and the Governmental Lender Notes and in the case of the Servicer and the Fiscal Agent, any resignation or removal. The provisions of this Section 5.15 shall survive the termination of this Borrower Loan Agreement.

Section 5.16. No Warranty of Condition or Suitability by the Governmental Lender. THE GOVERNMENTAL LENDER MAKES NO WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE MORTGAGED PROPERTY 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.

Section 5.17. Right of Access to the Project. The Borrower agrees that the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Construction Consultant, and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right, but no obligation at all reasonable times during business hours and upon 24 hours/ advance written notice, to enter onto the Land (a) to examine, test and inspect the Project without material interference or prejudice to the Borrower's operations and (b) to perform such work in and about the Project made necessary by reason of the Borrower's default under any of the provisions of this Borrower Loan Agreement. The Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, and their duly authorized agents, attorneys, accountants and representatives shall also be permitted, without any obligation to do so, at all reasonable times and upon reasonable written notice during business hours, to examine the books and records of the Borrower with respect to the Project.

Section 5.18. Notice of Default. The Borrower will advise the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer promptly in writing of the occurrence of any Potential Default or Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.19. Covenant with Governmental Lender, the Fiscal Agent and Funding Lender. The Borrower agrees that this Borrower Loan Agreement is executed and delivered in part to induce the purchase by others of the Governmental Lender Notes and, accordingly, all covenants and agreements of the Borrower contained in this Borrower Loan Agreement are hereby declared to be for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent and any lawful owner, holder or pledgee of the Borrower Notes or the Governmental Lender Notes from time to time.

Section 5.20. Obligation of the Borrower to Construct or Rehabilitate the Project. The Borrower shall proceed with reasonable dispatch to construct or rehabilitate, as appropriate, and equip the Project. If the proceeds of the Borrower Loan, together with the Taxable Construction Loan and Other Borrower Moneys, available to be disbursed to the Borrower are not sufficient to pay the costs of such construction or rehabilitation, as appropriate, and equipping, the Borrower shall pay such additional costs from its own funds. The Borrower shall not be entitled to any reimbursement from the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer in respect of any such costs or to any diminution or abatement in the repayment of the Borrower Loan. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed or if the proceeds of the Borrower Loan are insufficient to pay all costs of the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender do not make any representation or warranty, either express or implied, that moneys, if any, which will be made available to the Borrower will be sufficient to complete the Project, and the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable to the Borrower or any other person if for any reason the Project is not completed.

Section 5.21. Maintenance of Insurance. Borrower will maintain the insurance required by the Security Instrument.

Section 5.22. Information; Statements and Reports. Borrower shall furnish or cause to be furnished to Governmental Lender and Funding Lender:

(a) Notice of Default. As soon as possible, and in any event not later than five (5) Business Days after the occurrence of any Event of Default or Potential Default, a statement of an Authorized Representative of Borrower describing the details of such Event of Default or Potential Default and any curative action Borrower proposes to take;

(b) Financial Statements; Rent Rolls. In the manner and to the extent required under the Security Instrument, such financial statements, expenses statements, rent rolls, reports and other financial documents and information as required by the Security Instrument and the other Borrower Loan Documents and Funding Loan Documents, in the form and within the time periods required therein;

(c) General Partner. As soon as available and in any event within one hundred twenty (120) days after the end of each fiscal year of General Partner, copies of the financial statements of General Partner as of such date, prepared in substantially the form previously delivered to the Governmental Lender and Funding Lender and in a manner consistent therewith, or in such form (which may include a form prepared in accordance with GAAP) as Funding Lender may reasonably request in writing;

(d) Leasing Reports. Prior to the Conversion Date, on a monthly basis (and in any event within fifteen (15) days after the end of each Calendar Month), a report of all efforts made by Borrower, if any, to lease all or any portion of the Project during such Calendar Month and on a cumulative basis since Project inception, which report shall be prepared and delivered by Borrower, shall be in form and substance satisfactory to Funding Lender, and shall, if requested in writing by Funding Lender, be supported by copies of letters of intent, leases or occupancy agreements, as applicable;

(e) Audit Reports. Promptly upon receipt thereof, copies of all reports, if any, submitted to Borrower by independent public accountants in connection with each annual, interim or special audit of the financial statements of Borrower made by such accountants, including the comment letter submitted by such accountants to management in connection with their annual audit;

(f) Notices; Certificates or Communications. Immediately upon giving or receipt thereof, copies of any notices, certificates or other communications delivered at the Project or to Borrower or General Partner naming Governmental Lender or Funding Lender as addressee or which could reasonably be deemed to affect the structural integrity of the Project or the ability of Borrower to perform its obligations under the Borrower Loan Documents and the Funding Loan Documents;

(g) Certification of Non-Foreign Status. Promptly upon request of Funding Lender from time to time, a Certification of Non-Foreign Status, executed on or after the date of such request by Funding Lender;

(h) Compliance Certificates. Together with each of the documents required pursuant to Section 5.22(b) hereof submitted by or on behalf of Borrower, a statement, in form and substance satisfactory to Funding Lender and certified by an Authorized Borrower Representative, to the effect that Borrower is in compliance in all material respects with all covenants, terms and conditions applicable to Borrower, under or pursuant to the Borrower Loan Documents and the Funding Loan Documents and under or pursuant to any other Debt owing by Borrower to any Person, and disclosing any noncompliance therewith, and any Event of Default or Potential Default, and describing the status of Borrower's actions to correct such noncompliance, Event of Default or Potential Default, as applicable; and

(i) Other Items and Information. Such other information concerning the assets, business, financial condition, operations, property, and results of operations of Borrower, General Partner, Guarantor or the Project, as Funding Lender or Governmental Lender reasonably requests from time to time.

Section 5.23. Additional Notices. Borrower will, promptly after becoming aware thereof, give notice to Funding Lender and the Governmental Lender of:

(a) any Lien affecting the Project, or any part thereof, other than Liens expressly permitted under this Borrower Loan Agreement;

(b) any Legal Action which is instituted by or against Borrower, General Partner or Guarantor, or any Legal Action which is threatened against Borrower, General Partner or Guarantor which, in any case, if adversely determined, could have a material adverse effect upon the business, operations, properties, assets, management, ownership or condition (financial or otherwise) of Borrower, General Partner, Guarantor or the Project;

(c) any Legal Action which constitutes an Event of Default or a Potential Default or a default under any other Contractual Obligation to which Borrower, General Partner or Guarantor is a party or by or to which Borrower, General Partner or Guarantor, or any of their respective properties or assets, may be bound or subject, which default would have a material adverse effect on the business, operations, assets (including the Project), or condition (financial or otherwise) of Borrower, General Partner or Guarantor, as applicable;

(d) any default, alleged default or potential default on the part of Borrower under any of the CC&R's (together with a copy of each notice of default, alleged default or potential default received from any other party thereto);

(e) any notice of default, alleged default or potential default on the part of Borrower received from any tenant or occupant of the Project under or relating to its lease or occupancy agreement (together with a copy of any such notice), if, in the aggregate, notices from at least fifteen percent (15%) of the tenants at the Project have been received by Borrower with respect to, or alleging, the same default, alleged default or potential default;

(f) any change or contemplated change in (i) the location of Borrower's or General Partner's executive headquarters or principal place of business; (ii) the legal, trade, or fictitious business names used by Borrower or General Partner; or (iii) the nature of the trade or business of Borrower; and

(g) any default, alleged default or potential default on the part of any general or limited partner (including, without limitation, General Partner and the Equity Investor) under the Partnership Agreement.

Section 5.24. Compliance with Other Agreements; Legal Requirements.

(a) Borrower shall timely perform and comply with, and shall cause General Partner to timely perform and comply with the covenants, agreements, obligations and restrictions imposed on them under the Partnership Agreement, and Borrower shall not do or permit to be done anything to impair any such party's rights or interests under any of the foregoing.

(b) Borrower will comply and, to the extent it is able, will require others to comply with, all Legal Requirements of all Governmental Authorities having jurisdiction over the Project or construction and/or rehabilitation of the Improvements, and will furnish Funding Lender with reports of any official searches for or notices of violation of any requirements established by such Governmental Authorities. Borrower will comply and, to the extent it is able, will require others to comply, with applicable CC&R's and all restrictive covenants and all obligations created by private contracts and leases which affect ownership, construction, rehabilitation, equipping, fixturing, use or operation of the Project, and all other agreements requiring a certain percentage of the Units to be rented to persons of low or moderate income.

The Improvements, when completed, shall comply with all applicable building, zoning and other Legal Requirements, and will not violate any restrictions of record against the Project or the terms of any other lease of all or any portion of the Project. Funding Lender shall at all times have the right to audit, at Borrower's expense, Borrower's compliance with any agreement requiring a certain percentage of the Units to be rented to persons of low or moderate income, and Borrower shall supply all such information with respect thereto as Funding Lender may request and otherwise cooperate with Funding Lender in any such audit. Without limiting the generality of the foregoing, Borrower shall properly obtain, comply with and keep in effect (and promptly deliver copies to Funding Lender of) all permits, licenses and approvals which are required to be obtained from Governmental Authorities in order to construct, occupy, operate, market and lease the Project.

Section 5.25. Completion and Maintenance of Project. Borrower shall cause the construction or rehabilitation, as the case may be, of the Improvements, to be prosecuted with diligence and continuity and completed substantially in accordance with the Plans and Specifications, and in accordance with the Construction Funding Agreement, free and clear of any liens or claims for liens (but without prejudice to Borrower's rights of contest under Section 10.16 hereof) ("Completion") on or before the Completion Date. Borrower shall thereafter maintain the Project as a residential apartment complex in good order and condition, ordinary wear and tear excepted. A maintenance program shall be in place at all times to ensure the continuation of first class maintenance.

Section 5.26. Fixtures. Borrower shall deliver to Funding Lender, on demand, any contracts, bills of sale, statements, receipted vouchers or agreements under which Borrower or any other Person claims title to any materials, fixtures or articles incorporated into the Improvements.

Section 5.27. Income from Project. Borrower shall first apply all Gross Income to Expenses of the Project, including all amounts then required to be paid under the Borrower Loan Documents and the Funding Loan Documents and the funding of all sums necessary to meet the Replacement Reserve Fund Requirement, before using or applying such Gross Income for any other purpose. Prior to the Conversion Date, Borrower shall not make or permit any distributions or other payments of Net Operating Income to its partners, shareholders or members, as applicable, in each case, without the prior Written Consent of Funding Lender.

Section 5.28. Leases and Occupancy Agreements.

(a) Lease Approval.

(i) Borrower may enter into leases of space within the Improvements (and amendments to such leases) in the ordinary course of business with bona fide third party tenants without Funding Lender's prior Written Consent if:

(A) The lease is a Permitted Lease;

(B) Borrower, acting in good faith following the exercise of due diligence, has determined that the tenant meets requirements imposed under any applicable CC&R and is financially capable of performing all of its obligations under the lease; and

(C) The lease conforms to the Rent Schedule attached as an exhibit to the Construction Funding Agreement and reflects an arm's-length transaction, subject to the requirement that the Borrower comply with any applicable CC&R.

(ii) If any Event of Default has occurred and is continuing, Funding Lender may make written demand on Borrower to submit all future leases for Funding Lender's approval prior to execution. Borrower shall comply with any such demand by Funding Lender.

(iii) No approval of any lease by Funding Lender shall be for any purpose other than to protect Funding Lender's security for the Borrower Loan and to preserve Funding Lender's rights under the Borrower Loan Documents and the Funding Loan Documents. No approval by Funding Lender shall result in a waiver of any default of Borrower. In no event shall any approval by Funding Lender of a lease be a representation of any kind with regard to the lease or its enforceability, or the financial capacity of any tenant or guarantor.

(b) Landlord's Obligations. Borrower shall perform all obligations required to be performed by it as landlord under any lease affecting any part of the Project or any space within the Improvements.

(c) Leasing and Marketing Agreements. Except as may be contemplated in the Management Agreement with Borrower's Manager, Borrower shall not without the approval of Funding Lender enter into any leasing, management or marketing agreement and Funding Lender reserves the right to approve the qualifications of any marketing, management or leasing agent.

Section 5.29. Project Agreements and Licenses. To the extent not heretofore delivered to Funding Lender, Borrower will furnish to Funding Lender, as soon as available, true and correct copies of all Project Agreements and Licenses and the Plans and Specifications, and, upon Funding Lender's request, assignments thereof, to the extent it may legally do so, to Funding Lender and consents to such assignments where required by Funding Lender, all in form and substance reasonably acceptable to Funding Lender. Neither Borrower nor General Partner has assigned or granted, or will assign or grant, a security interest in any of the Project Agreements and Licenses, other than to Funding Lender and the Taxable Construction Lender.

Section 5.30. Payment of Debt Payments. In addition to its obligations under the Borrower Notes, Borrower will (i) duly and punctually pay or cause to be paid all principal of and interest on any Debt of Borrower as and when the same become due on or before the due date; (ii) comply with and perform all conditions, terms and obligations of other instruments or agreements evidencing or securing such Debt; (iii) promptly inform Funding Lender of any default, or anticipated default, under any such note, agreement, instrument; and (iv) forward to Funding Lender a copy of any notice of default or notice of any event that might result in default under any such note, agreement, instrument, including Liens encumbering the Project, or any portion thereof, which have been subordinated to the Security Instrument (regardless of whether or not permitted under this Borrower Loan Agreement).

Section 5.31. ERISA. Borrower will comply, and will cause each of its ERISA Affiliates to comply, in all respects with the provisions of ERISA, to the extent applicable.

Section 5.32. Patriot Act Compliance. Borrower shall use its good faith and commercially reasonable efforts to comply with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Borrower and/or the Project, including those relating to money laundering and terrorism. Funding Lender shall have the right to audit Borrower's compliance with the Patriot Act and all applicable requirements of Governmental Authorities having jurisdiction over Borrower and/or the Project, including those relating to money laundering and terrorism. In the event that Borrower fails to comply with the Patriot Act or any such requirements of Governmental Authorities, then Funding Lender may, at its option, cause Borrower to comply therewith and any and all costs and expenses incurred by Funding Lender in connection therewith shall be secured by the Security Instrument and shall be immediately due and payable.

Borrower covenants that it shall comply with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect. Without limiting the foregoing, Borrower shall not take any action, or permit any action to be taken, that would cause Borrower's representations and warranties in Section 4.1.48 and this Section 5.32 to become untrue or inaccurate in any material respect at any time during the term of the Funding Loan. Upon any Beneficiary Party's written request from time to time during the term of the Funding Loan, Borrower shall certify in writing to such Beneficiary Party that Borrower's representations, warranties and obligations under Section 4.1.48 and this Section 5.32 remain true and correct in any material respect and have not been breached, and in addition, upon written request of any Beneficiary Party, Borrower covenants to provide all information required to satisfy obligations under all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect, during the term of the Funding Loan. Borrower shall immediately notify the Funding Lender in writing of (a) Borrower's actual knowledge that any of such representations, warranties or covenants are no longer true and have been breached, (b) Borrower has a reasonable basis to believe that they may no longer be true and have been breached or (c) Borrower becomes the subject of an investigation by Governmental Authorities related to money laundering, anti-terrorism, trade embargos and economic sanctions. Borrower shall also reimburse Funding Lender for any expense incurred by Funding Lender in evaluating the effect of an investigation by Governmental Authorities on the Funding Loan and Funding Lender's interest in the collateral for the Funding Loan, in obtaining necessary license from Governmental Authorities as may be necessary for Funding Lender to enforce its rights under the Funding Loan Documents, and in complying with all Legal Requirements and internal requirements of Funding Lender relating to money laundering, anti-terrorism, trade embargos and economic sanctions, now or hereafter in effect applicable to Funding Lender as a result of the existence of such an event and for any penalties or fines imposed upon Funding Lender as a result thereof.

Section 5.33. Funds from Equity Investor. Borrower shall cause the Equity Investor to fund all installments of the Equity Contributions in the amounts and at the times subject and according to the terms and conditions of the Partnership Agreement.

Section 5.34. Tax Covenants. The Borrower represents, warrants and covenants as follows:

(a) It is the intention of the parties hereto that interest on the Governmental Lender Notes shall be and remain excludable from gross income for federal income tax purposes, and, to that end, the covenants and agreements of the Governmental Lender and the Borrower in this Section are for the benefit of the Fiscal Agent on behalf of and for each and every holder of the Governmental Lender Notes.

(b) The Borrower covenants and agrees that it will not knowingly use or permit the use of any of the funds provided by the Governmental Lender hereunder or knowingly use or invest or permit the use or investment of any other funds of the Borrower directly or indirectly, or direct the Fiscal Agent to invest any funds held by it hereunder or under the Funding Loan Agreement or otherwise, in such manner as would cause the Governmental Lender Notes to be deemed an "arbitrage bond" within the meaning of section 148 of the Code, a "hedge bond" within the meaning of section 149 of the Code, or "federally guaranteed" within the meaning of section 149(b) of the Code and applicable regulations promulgated from time to time thereunder. The Borrower covenants and agrees that neither it, nor any "related person" (as defined in section 147(a)(2) of the Code) will enter into any arrangement, formal or informal, for the purchase of the Governmental Lender Notes. The Borrower covenants and agrees that it will observe and not violate the requirements of section 148 of the Code and any such applicable regulations which, in the opinion of Bond Counsel, are applicable to the Borrower or to the Governmental Lender Notes.

(c) In the event that at any time the Borrower is in receipt of an opinion of Bond Counsel to the effect that for purposes of this Section or the Funding Loan Agreement it is necessary to further restrict

or limit the Yield on the investment of any money held by the Fiscal Agent under the Funding Loan Agreement beyond those situations and periods outlined in this Agreement or the Governmental Lender's Tax Certificate dated the Closing Date, the Borrower shall notify the Fiscal Agent in writing of the limitations which, in the opinion of Bond Counsel, apply to the investment of such funds and instruct the Fiscal Agent to comply with these limitations.

(d) As additional consideration for the purchase of the Governmental Lender Notes by the purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to insure the excludability from gross income of the interest thereon for federal income tax purposes, the Borrower shall deliver to the Fiscal Agent, within 25 days after each Computation Date:

(1) a statement, signed by the Rebate Analyst stating the applicable portion of the Rebate Amount as of such Computation Date which must be paid over to the United States of America under section 148(f) of the Code taking into account all Gross Proceeds of the Governmental Lender Notes, and

(2) if required, an Internal Revenue Service Form 8038-T completed as of such Computation Date and such other Internal Revenue Service forms or other statements or forms required by the Code, Regulations, or other administrative rule, procedure, announcement, or guidelines.

(e) If the Borrower shall discover or be notified as of any date that any payment made to the United States Treasury pursuant to Section 7.8 of the Funding Loan Agreement shall have failed to satisfy any requirement of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender, or the Fiscal Agent), the Borrower shall (i) deliver to the Fiscal Agent a brief written explanation of such failure and any basis for concluding that such failure was innocent and (ii) pay to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States Treasury from the Rebate Fund, within 60 days after such discovery or notice, the "correction amount" in respect thereof specified in Regulation Section 1.148-3(h) together with the explanation described in the immediately preceding clause (i) and the other documents required by Section 7.8 of the Funding Loan Agreement to accompany such payment from the Rebate Fund.

(f) The Borrower shall retain as part of the official transcript all of its accounting records relating to the funds held under the Funding Loan Agreement and the Rebate Fund and all calculations made in preparing the statements described in this Section for at least six years after the final payment of the Governmental Lender Notes, whether by reason of maturity or prior redemption.

(g) The Borrower shall not knowingly use or permit the use of any proceeds of Governmental Lender Notes or any funds of the Borrower, directly or indirectly, in any manner, and shall not knowingly take or permit to be taken any other action or actions, which would conflict with the covenants contained herein or in the Regulatory Agreement. The Borrower acknowledges that such covenants are designed for the purpose of ensuring that the Governmental Lender Notes are treated as an obligation described in section 103(a) of the Code.

(h) Notwithstanding any provisions of this Section, if the Borrower shall provide to the Fiscal Agent and the Governmental Lender an opinion of Bond Counsel that any specified action required under this Section or Sections 7.8 and 8.7 of the Funding Loan Agreement is no longer required or that some further or different action is required to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Governmental Lender Notes, the Fiscal Agent, the Governmental Lender and the Borrower may conclusively rely on such opinion in complying with the requirements of this Section

and Sections 7.8 and 8.7 of the Funding Loan Agreement and be protected in so doing, and the covenants hereunder shall be deemed to be modified to that extent.

(i) The Governmental Lender covenants and agrees that it has not taken and will not take, or permit to be taken by parties within its control, and the Borrower covenants and agrees that it has not taken or permitted to be taken and will not take or permit to be taken, any action which will cause the interest on the Governmental Lender Notes to become includable in gross income for purposes of federal income taxation pursuant to the provisions of section 103(a) of the Code, provided that neither the Borrower nor the Governmental Lender shall have violated these covenants if the interest on any of the Governmental Lender Notes issued in accordance with section 103 of the Code becomes includable in gross income for purposes of federal income taxation to a person solely because such person is a "substantial user" of the Project or a "related person" within the meaning of section 147(a) of the Code.

(j) The Borrower hereby covenants that the Project and each unit thereof constitute and will constitute a qualified residential rental project, as defined in section 142(d) of the Code and the regulations thereunder, and that each residential unit in the Project (other than a reasonable number of units for resident manager or other administrative use) will be rented or available for rental on a continual basis to members of the general public for the period required by said Section. The Project consists of one or more proximate buildings or structures containing one or more similarly constructed accommodations containing separate and complete facilities for living, sleeping, eating, cooking and sanitation which are to be used on other than a transient basis and facilities which are functionally related and subordinate to such accommodations. The Borrower and the Governmental Lender each hereby elect to apply the requirements of section 142(d)(1)(B) to the Project. Commencing on the Closing Date and continuing throughout the remainder of the Qualified Project Period, the Borrower represents, covenants and agrees that no less than 40% of the total number of units of the Project shall be, at all times, rented to and occupied by Low Income Tenants.

(k) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the rehabilitation, operation and management of the Project.

(l) The Borrower further covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions hereof and of the Regulatory Agreement and that, in any event, the requirements of this Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(m) The Borrower further covenants that it will not allow any proceeds of the Governmental Lender Notes to be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling or facilities the primary purpose of which is the sale of alcoholic beverages for consumption off premises.

(n) The Borrower covenants and agrees not to allow the amount of Gross Proceeds invested during any Note Year in Nonpurpose Investments with a Yield in excess of the Yield on the Governmental Lender Notes to exceed the amounts deposited in any other reserves required to be deposited or otherwise set aside by the Borrower to the extent that such amounts exceed 10% of the proceeds of the Governmental Lender Notes; and provided, further, that amounts invested in the Funding Loan Payment Fund or for an initial temporary period until needed for the governmental purpose of the Governmental Lender Notes shall at no time be considered subject to such restriction.

(o) The Borrower covenants and agrees that with regard to the Funding Loan Payment Fund (i) such fund will be depleted at least once a year, except possibly for a carryover amount not to exceed the greater of the previous Note Year's earnings on the Loan Payment Fund or one-twelfth of the previous Note Year's debt service requirements on the Governmental Lender Notes; (ii) all amounts deposited to such fund will be spent within 13 months of deposit; and (iii) all amounts received from investment of such fund will be deposited therein and will be expended within twelve months of receipt.

(p) As of the Closing Date, the Borrower is in compliance with all requirements pertaining to the Borrower set forth in the Governmental Lender's Certificate as to Tax Exemption. The Borrower has complied and will comply with all the terms and conditions of the Borrower's Tax Letter of Representation executed by the Borrower, including the terms and conditions of the exhibits thereto, and the representations set forth in the Borrower's Tax Letter of Representation executed by the Borrower pertaining to the Borrower and the Project are true and accurate.

(q) The Borrower will at all times comply with the terms pertaining to the Borrower of the Borrower's Tax Letter of Representation and the Regulatory Agreement;

(r) If the Borrower becomes aware of any situation, event or condition which would, to the best of its knowledge, result in the interest on the Governmental Lender Notes becoming includable in gross income of the Funding Lender for purposes of federal income tax purposes, it will promptly give written notice of such circumstance, event or condition to the Governmental Lender, the Fiscal Agent, the Funding Lender Representative and the Servicer.

In the event of a conflict between the terms and requirements of this Section 5.34 and the Tax Certificates, the terms and requirements of the Tax Certificates shall control.

Section 5.35. Covenants under Funding Loan Agreement. The Borrower will fully and faithfully perform all the duties and obligations which the Governmental Lender has covenanted and agreed in the Funding Loan Agreement to cause the Borrower to perform and any duties and obligations which the Borrower is required in the Funding Loan Agreement to perform. The foregoing will not apply to any duty or undertaking of the Governmental Lender which by its nature cannot be delegated or assigned.

Section 5.36. Notice of Default. The Borrower will advise the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer promptly in writing of the occurrence of any Potential Default or Event of Default hereunder, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.37. Continuing Disclosure Agreement. The Borrower and the Funding Lender shall enter into the Continuing Disclosure Agreement to provide for the continuing disclosure of information about the Governmental Lender Notes, the Borrower and other matters as specifically provided for in such agreement.

ARTICLE VI

NEGATIVE COVENANTS

Borrower hereby covenants and agrees as follows, which covenants shall remain in effect so long as any Borrower Payment Obligation or other obligation of Borrower under any of the other Borrower Loan Documents or the Funding Loan Documents remains outstanding or unperformed. Borrower covenants and agrees that it will not, directly or indirectly:

Section 6.1. Management Agreement. Without first obtaining the Funding Lender's prior Written Consent, which shall not be unreasonably conditioned, delayed or withheld, enter into the Management Agreement, and thereafter the Borrower shall not, without the Funding Lender's prior Written Consent (which consent shall not be unreasonably conditioned, withheld or delayed) and subject to the Regulatory Agreement: (i) surrender, terminate or cancel the Management Agreement or otherwise replace the Manager or enter into any other management agreement; (ii) reduce or consent to the reduction of the term of the Management Agreement; (iii) increase or consent to the increase of the amount of any charges under the Management Agreement; (iv) otherwise modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect any of its rights and remedies under, the Management Agreement; or (v) suffer or permit the occurrence and continuance of a default beyond any applicable cure period under the Management Agreement (or any successor management agreement) if such default permits the Manager to terminate the Management Agreement (or such successor management agreement).

Section 6.2. Dissolution. Dissolve or liquidate, in whole or in part, merge with or consolidate into another Person.

Section 6.3. Change in Business or Operation of Property. Enter into any line of business other than the ownership and operation of the Project, or make any material change in the scope or nature of its business objectives, purposes or operations, or undertake or participate in activities other than the continuance of its present business and activities incidental or related thereto or otherwise cease to operate the Project as a multi-family property or terminate such business for any reason whatsoever (other than temporary cessation in connection with construction or rehabilitation, as appropriate, of the Project).

Section 6.4. Debt Cancellation. Cancel or otherwise forgive or release any claim or debt owed to the Borrower by a Person, except for adequate consideration or in the ordinary course of the Borrower's business in its reasonable judgment.

Section 6.5. Assets. Purchase or own any real property or personal property incidental thereto other than the Project.

Section 6.6. Transfers. Make, suffer or permit the occurrence of any Transfer other than a transfer permitted under the Security Instrument, nor transfer any material License required for the operation of the Project.

Section 6.7. Debt. Other than as expressly approved in writing by the Funding Lender, create, incur or assume any indebtedness for borrowed money (including subordinate debt) whether unsecured or secured by all or any portion of the Project or interest therein or in the Borrower or any partner thereof (including subordinate debt) other than (i) the Borrower Payment Obligations, (ii) the Subordinate Debt, (iii) secured indebtedness incurred pursuant to or permitted by the Borrower Loan Documents and the Funding Loan Documents, (iv) the Taxable Construction Loan, (v) trade payables incurred in the ordinary course of business, and (vi) subordinate and unsecured partner loans required under the terms of the Partnership Agreement.

Section 6.8. Assignment of Rights. Without the Funding Lender's prior Written Consent, attempt to assign the Borrower's rights or interest under any Borrower Loan Document or Funding Loan Document in contravention of any Borrower Loan Document or Funding Loan Document.

Section 6.9. Principal Place of Business. Change its principal place of business without providing 30 days' prior Written Notice of the change to the Funding Lender, the Governmental Lender, the Fiscal Agent and the Servicer.

Section 6.10. Partnership Agreement. Without the Funding Lender's prior Written Consent (which consent shall not be unreasonably delayed or withheld) surrender, terminate, cancel, modify, change, supplement, alter or amend in any material respect, or waive or release in any material respect, any of its rights or remedies under the Partnership Agreement; provided, however, the consent of Funding Lender is not required for an amendment of the Partnership Agreement resulting solely from the "Permitted Transfer" of partnership interests of Borrower as defined in and permitted by the Security Instrument.

Section 6.11. ERISA. Maintain, sponsor, contribute to or become obligated to contribute to, or suffer or permit any ERISA Affiliate of the Borrower to, maintain, sponsor, contribute to or become obligated to contribute to, any Plan, or permit the assets of the Borrower to become "plan assets," whether by operation of law or under regulations promulgated under ERISA.

Section 6.12. No Hedging Arrangements. Without the prior Written Consent of the Funding Lender or unless otherwise required by this Borrower Loan Agreement, the Borrower will not enter into or guarantee, provide security for or otherwise undertake any form of contractual obligation with respect to any interest rate swap, interest rate cap or other arrangement that has the effect of an interest rate swap or interest rate cap or that otherwise (directly or indirectly, derivatively or synthetically) hedges interest rate risk associated with being a debtor of variable rate debt or any agreement or other arrangement to enter into any of the above on a future date or after the occurrence of one or more events in the future.

Section 6.13. Loans and Investments; Distributions; Related Party Payments.

(a) Without the prior Written Consent of Funding Lender in each instance, Borrower shall not (i) lend money, make investments, or extend credit, other than in the ordinary course of its business as presently conducted; or (ii) repurchase, redeem or otherwise acquire any interest in Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in Borrower, or make any distribution, in cash or in kind, in respect of interests in Borrower, any Borrower Affiliate or any other Person owning an interest, directly or indirectly, in Borrower (except to the extent permitted by Section 5.27 hereof and subject to the limitations set forth in the Security Instrument).

(b) Disbursements for fees and expenses of any Borrower Affiliate and developer fees (however characterized) will only be paid to the extent that such fee or expense bears a proportionate relationship to the percentage of completion of the construction or rehabilitation, as the case may be, of the Improvements, as reasonably determined by the Construction Consultant, and only after deducting the applicable Retainage. Unless otherwise approved by the Funding Lender in writing, no Disbursements for the Developer Fee or any "deferred developer fees" shall be made prior to the Conversion Date other than in accordance with the Approved Developer Fee Schedule.

Section 6.14. Amendment of Related Documents or CC&R's. Without the prior Written Consent of Funding Lender in each instance, except as provided herein or in the Construction Funding Agreement, Borrower shall not enter into or consent to any amendment, termination, modification, or other alteration of any of the Related Documents or any of the CC&R's (including, without limitation, those contained in this Borrower Loan Agreement, any Architect's Agreement or Engineer's Contract, any Construction Contract, and any Management Agreement, but excluding the Partnership Agreement, which is covered by Section 6.10), or any assignment, transfer, pledge or hypothecation of any of its rights thereunder, if any.

Section 6.15. Personal Property. Borrower shall not install materials, personal property, equipment or fixtures subject to any security agreement or other agreement or contract wherein the right is reserved to any Person other than Borrower to remove or repossess any such materials, equipment or fixtures, or whereby title to any of the same is not completely vested in Borrower at the time of installation,

without Funding Lender's prior Written Consent; provided, however, that this Section 6.15 shall not apply to laundry equipment or other equipment that is owned by a third-party vendor and commercial tenants.

Section 6.16. Fiscal Year. Without Funding Lender's Written Consent, which shall not be unreasonably delayed or withheld, neither Borrower nor General Partner shall change the times of commencement or termination of its fiscal year or other accounting periods, or change its methods of accounting, other than to conform to GAAP.

Section 6.17. Publicity. Neither Borrower nor General Partner shall issue any publicity release or other communication to any print, broadcast or on-line media, post any sign or in any other way identify Funding Lender or any of its Affiliates as the source of the financing provided for herein, without the prior written approval of Funding Lender in each instance (provided that nothing herein shall prevent Borrower or General Partner from identifying Funding Lender or its Affiliates as the source of such financing to the extent that Borrower or General Partner are required to do so by disclosure requirements applicable to publicly held companies). Borrower and General Partner agree that no sign shall be posted on the Project in connection with the construction or rehabilitation of the Improvements unless such sign identifies Citigroup and its affiliates as the source of the financing provided for herein or Funding Lender consents to not being identified on any such sign.

Section 6.18. Subordinate Loan Documents. Without Funding Lender's prior written consent, Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Subordinate Loan Documents.

Section 6.19. Ground Lease. Without the Funding Lender's prior written consent, the Borrower will not surrender, terminate, cancel, modify, change, supplement, alter, amend, waive, release, assign, transfer, pledge or hypothecate any of its rights or remedies under the Ground Lease.

ARTICLE VII

RESERVED

ARTICLE VIII

DEFAULTS

Section 8.1. Events of Default. Each of the following events shall constitute an "Event of Default" under this Borrower Loan Agreement:

(a) failure by the Borrower to pay any Borrower Loan Payment in the manner and on the date such payment is due in accordance with the terms and provisions of the Borrower Notes, or the failure by the Borrower to pay any Additional Borrower Payment on the date such payment is due in accordance with the terms and provisions of the Borrower Notes, the Security Instrument, this Borrower Loan Agreement or any other Borrower Loan Document;

(b) failure by or on behalf of the Borrower to pay when due any amount (other than as provided in subsection (a) above or elsewhere in this Section 8.1) required to be paid by the Borrower under this Borrower Loan Agreement, the Borrower Notes, the Security Instrument or any of the other Borrower Loan Documents or Funding Loan Documents, including a failure to repay any amounts that have been previously paid but are recovered, attached or enjoined pursuant to any insolvency, receivership, liquidation or similar proceedings, which default remains uncured for a period of five (5) Business Days after Written Notice thereof shall have been given to the Borrower;

(c) an Event of Default, as defined in the Borrower Notes, the Security Instrument or any other Borrower Loan Document, occurs (or to the extent an "Event of Default" is not defined in any other Borrower Loan Document, any default or breach by the Borrower or any Guarantor of its obligations, covenants, representations or warranties under such Borrower Loan Document occurs and any applicable notice and/or cure period has expired);

(d) any representation or warranty made by any of the Borrower, the Guarantor or the General Partner in any Borrower Loan Document or Funding Loan Document to which it is a party, or in any report, certificate, financial statement or other instrument, agreement or document furnished by the Borrower, the Guarantor or the General Partner in connection with any Borrower Loan Document or Funding Loan Document, shall be false or misleading in any material respect as of the Closing Date;

(e) the Borrower shall make a general assignment for the benefit of creditors, or shall generally not be paying its debts as they become due;

(f) the Borrower Controlling Entity shall make a general assignment for the benefit of creditors, shall generally not be paying its debts as they become due, or an Act of Bankruptcy with respect to the Borrower Controlling Entity shall occur, unless in all cases the Borrower Controlling Entity is replaced with a substitute Borrower Controlling Entity that satisfies the requirements of Section 21 of the Security Instrument; which, in the case of a non-profit Borrower Controlling Entity, may be replaced within sixty (60) days of such event with another non-profit Borrower Controlling Entity acceptable to the Funding Lender, in which case no Event of Default shall be deemed to have occurred;

(g) any portion of Borrower Deferred Equity to be made by Equity Investor and required for (i) completion of the construction or rehabilitation, as the case may be, of the Improvements, (ii) the satisfaction of the Conditions to Conversion or (iii) the operation of the Improvements, is not received in accordance with the Partnership Agreement after the expiration of all applicable notice and cure periods;

(h) the failure by Borrower or any ERISA Affiliate of Borrower to comply in all respects with ERISA, or the occurrence of any other event (with respect to the failure of Borrower or any ERISA Affiliate to pay any amount required to be paid under ERISA or with respect to the termination of, or withdrawal of Borrower or any ERISA Affiliate from, any employee benefit or welfare plan subject to ERISA) the effect of which is to impose upon Borrower (after giving effect to the tax consequences thereof) for the payment of any amount in excess of Fifty Thousand Dollars (\$50,000);

(i) a Bankruptcy Event shall occur with respect to Borrower, any General Partner or Guarantor, or there shall be a change in the assets, liabilities or financial position of any such Person which has a material adverse effect upon the ability of such Person to perform such Person's obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document, provided that any such Bankruptcy Event or financial change with respect to a Guarantor shall not constitute an Event of Default: (i) if such Bankruptcy Event or financial change occurs on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such Bankruptcy Event or financial change occurs prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(j) all or any part of the property of Borrower is attached, levied upon or otherwise seized by legal process, and such attachment, levy or seizure is not quashed, stayed or released: (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days of the date thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days of the date thereof;

(k) subject to Section 10.16 hereof, Borrower fails to pay when due any monetary obligation (other than pursuant to this Borrower Loan Agreement) to any Person in excess of \$100,000, and such failure continues beyond the expiration of any applicable cure or grace periods;

(l) any material litigation or proceeding is commenced before any Governmental Authority against or affecting Borrower, any General Partner or Guarantor, or property of Borrower, any General Partner or Guarantor, or any part thereof, and such litigation or proceeding is not defended diligently and in good faith by Borrower, any General Partner or Guarantor, as applicable, provided that any such material litigation or proceeding against a Guarantor shall not constitute an Event of Default: (i) if such material litigation is commenced on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such material litigation or proceeding is commenced prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(m) a final judgment or decree for monetary damages in excess of \$100,000 or a monetary fine or penalty (not subject to appeal or as to which the time for appeal has expired) is entered against Borrower, any General Partner or Guarantor by any Governmental Authority, and such judgment, decree, fine or penalty is not paid and discharged or stayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days after entry thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment, fine or penalty), provided that any such judgment, decree, fine or penalty against a Guarantor shall not constitute an Event of Default: (i) if such judgment, decree, fine or penalty is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, decree, fine or penalty is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(n) a final, un-appealable and uninsured money judgment or judgments, in favor of any Person other than a Governmental Authority, in the aggregate sum of \$100,000 or more shall be rendered against Borrower, any General Partner or Guarantor, or against any of their respective assets, that is not paid, superseded or stayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, within ten (10) days after entry thereof or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, within thirty (30) days after entry thereof (or such longer period as may be permitted for payment by the terms of such judgment); or any levy of execution, writ or warrant of attachment, or similar process, is entered or filed against Borrower, any General Partner

or Guarantor, or against any of their respective assets (that is likely to have a material adverse effect upon the ability of Borrower, any General Partner or Guarantor to perform their respective obligations under this Borrower Loan Agreement, any other Borrower Loan Document or any Related Document), and such judgment, writ, warrant or process shall remain unsatisfied, unsettled, unvacated, unhanded and unstayed (i) prior to completion of the construction or rehabilitation, as the case may be, of the Improvements, for a period of ten (10) days or (ii) after completion of the construction or rehabilitation, as the case may be, of the Improvements, for a period of thirty (30) days, or in any event later than five (5) Business Days prior to the date of any proposed sale thereunder, provided that any such judgment, levy, writ, warrant, attachment or similar process against a Guarantor shall not constitute an Event of Default: (i) if such judgment, levy, writ, warrant, attachment or similar process is entered on or after the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor), or (ii) if such judgment, levy, writ, warrant, attachment or similar process is entered prior to the date upon which the Guaranty terminates in accordance with its terms (or the date upon which all of the Guaranties have terminated in accordance with their terms, if more than one Guaranty was executed by such Guarantor) and the Borrower replaces such Guarantor with a person or entity satisfying the Funding Lender's mortgage credit standards for principals and acceptable to the Funding Lender in its sole and absolute discretion within thirty (30) days after notice thereof from the Funding Lender;

(o) the inability of Borrower to satisfy any condition for the receipt of a Disbursement hereunder (other than an Event of Default specifically addressed in this Section 8.1) and failure to resolve the situation to the satisfaction of Funding Lender for a period in excess of thirty (30) days after Written Notice from Funding Lender, subject to Force Majeure;

(p) the construction or rehabilitation of the Improvements is abandoned or halted prior to completion for any period of thirty (30) consecutive days, subject to Force Majeure;

(q) Borrower shall fail to keep in force and effect any material permit, license, consent or approval required under this Borrower Loan Agreement, or any Governmental Authority with jurisdiction over the Mortgaged Property or the Project orders or requires that construction or rehabilitation of the Improvements be stopped, in whole or in part, or that any required approval, license or permit be withdrawn or suspended, and the order, requirement, withdrawal or suspension remains in effect for a period of thirty (30) days, subject to Force Majeure;

(r) failure by the Borrower to Substantially Complete the construction or rehabilitation, as the case may be, of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Substantial Completion Date, subject to Force Majeure;

(s) failure by Borrower to complete the construction or rehabilitation, as the case may be, of the Improvements in accordance with this Borrower Loan Agreement on or prior to the Completion Date, subject to Force Majeure;

(t) failure by Borrower to satisfy the Conditions to Conversion on or before the Outside Conversion Date;

(u) failure by Taxable Construction Lender or any Subordinate Lender to disburse the proceeds of the Taxable Construction Loan or its Subordinate Debt in approximately such amounts and at approximately such times as set forth in the Cost Breakdown and in the Subordinate Loan Documents;

(v) an "Event of Default" or "Default" (as defined in the applicable agreement) shall occur under any of the Subordinate Loan Documents, after the expiration of all applicable notice and cure periods; or

(w) any failure by the Borrower to perform or comply with any of its obligations under this Borrower Loan Agreement (other than those specified in this Section 8.1), as and when required, which continues for a period of thirty (30) days after written notice of such failure by Funding Lender or the Servicer on its behalf to the Borrower; provided, however, if such failure is susceptible of cure but cannot reasonably be cured within such thirty (30) day period, and the Borrower shall have commenced to cure such failure within such thirty (30) day period and thereafter diligently and expeditiously proceeds to cure the same, such thirty (30) day period shall be extended for an additional period of time as is reasonably necessary for the Borrower in the exercise of due diligence to cure such failure, such additional period not to exceed sixty (60) days. However, no such notice or grace period shall apply to the extent such failure could, in the Funding Lender's judgment, absent immediate exercise by the Funding Lender of a right or remedy under this Borrower Loan Agreement, result in harm to the Funding Lender, impairment of either of the Borrower Notes or this Borrower Loan Agreement or any security given under any other Borrower Loan Document.

Section 8.2. Remedies.

Section 8.2.1 Acceleration. Upon the occurrence of an Event of Default (other than an Event of Default described in paragraph (e), (f) or (i) of Section 8.1) and at any time and from time to time thereafter, as long as such Event of Default continues to exist, in addition to any other rights or remedies available to the Governmental Lender pursuant to the Borrower Loan Documents or at law or in equity, the Funding Lender may, take such action (whether directly or by directing the actions of the Fiscal Agent), without notice or demand, as the Funding Lender deems advisable to protect and enforce its rights against the Borrower and in and to the Project, including declaring the Borrower Payment Obligations to be immediately due and payable (including, without limitation, the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Borrower Notes to be immediately due and payable), without notice or demand, and apply such payment of the Borrower Payment Obligations in any manner and in any order determined by Funding Lender, in Funding Lender's sole and absolute discretion; and upon any Event of Default described in paragraph (e), (f) or (i) of Section 8.1, the Borrower Payment Obligations shall become immediately due and payable, without notice or demand, and the Borrower hereby expressly waives any such notice or demand, anything contained in any Borrower Loan Document to the contrary notwithstanding. Notwithstanding anything herein to the contrary, enforcement of remedies hereunder and under the Funding Loan Agreement shall be controlled by the Funding Lender.

Section 8.2.2 Remedies Cumulative. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available to the Funding Lender or the Fiscal Agent against the Borrower under the Borrower Loan Documents or at law or in equity may be exercised by the Funding Lender, at any time and from time to time, whether or not all or any of the Borrower Payment Obligations shall be declared due and payable, and whether or not the Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Borrower Loan Documents. Any such actions taken by the Funding Lender shall be cumulative and concurrent and may be pursued independently, singly, successively, together or otherwise, at such time and in such order as the Funding Lender may determine in its sole discretion, to the fullest extent permitted by law, without impairing or otherwise affecting the other rights and remedies of the Funding Lender permitted by law, equity or contract or as set forth in the Borrower Loan Documents. Without limiting the generality of the foregoing, the Borrower agrees that if an Event of Default is continuing, all Liens and other rights, remedies or privileges provided to the Funding Lender shall remain in full force and effect until it has exhausted all of its remedies, the Security Instrument has been foreclosed,

the Project has been sold and/or otherwise realized upon satisfaction of the Borrower Payment Obligations or the Borrower Payment Obligations have been paid in full. To the extent permitted by applicable law, nothing contained in any Borrower Loan Document shall be construed as requiring the Funding Lender to resort to any portion of the Project for the satisfaction of any of the Borrower Payment Obligations in preference or priority to any other portion, and the Funding Lender may seek satisfaction out of the entire Project or any part thereof, in its absolute discretion.

Notwithstanding any provision herein to the contrary, the Governmental Lender and the Funding Lender agree that any cure of any default made or tendered by the Equity Investor 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. A copy of any Notice of any default or Event of Default sent to Borrower hereunder shall be sent concurrently to the Equity Investor.

Section 8.2.3 Delay. No delay or omission to exercise any remedy, right, power accruing upon an Event of Default, or the granting of any indulgence or compromise by the Funding Lender or the Fiscal Agent shall impair any such remedy, right or power hereunder or be construed as a waiver thereof, but any such remedy, right or power may be exercised from time to time and as often as may be deemed expedient. A waiver of one Potential Default or Event of Default shall not be construed to be a waiver of any subsequent Potential Default or Event of Default or to impair any remedy, right or power consequent thereon. Notwithstanding any other provision of this Borrower Loan Agreement, the Funding Lender and the Fiscal Agent reserve the right to seek a deficiency judgment or preserve a deficiency claim, in connection with the foreclosure of the Security Instrument to the extent necessary to foreclose on the Project, the Rents, the funds or any other collateral.

Section 8.2.4 Set Off; Waiver of Set Off. Upon the occurrence of an Event of Default, Funding Lender may, at any time and from time to time, without notice to Borrower or any other Person (any such notice being expressly waived), set off and appropriate and apply (against and on account of any obligations and liabilities of the Borrower to the Funding Lender or the Fiscal Agent arising under or connected with this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents, irrespective of whether or not Funding Lender shall have made any demand therefor, and although such obligations and liabilities may be contingent or unmatured), and Borrower hereby grants to Funding Lender, as security for the Borrower Payment Obligations, a security interest in, any and all deposits (general or special, including but not limited to Debt evidenced by certificates of deposit, whether matured or unmatured, but not including trust accounts) and any other Debt at any time held or owing by Funding Lender to or for the credit or the account of Borrower.

Section 8.2.5 Assumption of Obligations. In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under this Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement, and any other Borrower Loan Documents and Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

Section 8.2.6 Accounts Receivable. Upon the occurrence of an Event of Default, Funding Lender shall have the right, to the extent permitted by law, to impound and take possession of books, records, notes and other documents evidencing Borrower's accounts, accounts receivable and other claims for payment of money, arising in connection with the Project, and to make direct collections on such accounts, accounts receivable and claims for the benefit of Funding Lender.

Section 8.2.7 Defaults under Other Documents. Funding Lender shall have the right to cure any default under any of the Related Documents and the Subordinate Loan Documents, but shall have no obligation to do so.

Section 8.2.8 Abatement of Disbursements. Notwithstanding any provision to the contrary herein or any of the other Borrower Loan Documents or the Funding Loan Documents, Funding Lender's obligation to make further Disbursements shall abate (i) during the continuance of any Potential Default, (ii) after any disclosure to Funding Lender of any fact or circumstance that, absent such disclosure, would cause any representation or warranty of Borrower to fail to be true and correct in all material respects, unless and until Funding Lender elects to permit further Disbursements notwithstanding such event or circumstance; and (iii) upon the occurrence of any Event of Default.

Section 8.2.9 Completion of Improvements. Upon the occurrence of any Event of Default, Funding Lender shall have the right to cause an independent contractor selected by Funding Lender to enter into possession of the Project and to perform any and all work and labor necessary for the completion of the Project substantially in accordance with the Plans and Specifications, if any, and to perform Borrower's obligations under this Borrower Loan Agreement. All sums expended by Funding Lender for such purposes shall be deemed to have been disbursed to and borrowed by Borrower and shall be secured by the Security Documents.

Section 8.2.10 Right to Directly Enforce. Notwithstanding any other provision hereof to the contrary, the Funding Lender shall have the right to directly enforce all rights and remedies hereunder with or without involvement of the Governmental Lender or the Fiscal Agent, provided that only the Governmental Lender may enforce the Reserved Rights. In the event that any of the provisions set forth in this Section 8.2.10 are inconsistent with the covenants, terms and conditions of the Security Instrument, the covenants, terms and conditions of the Security Instrument shall prevail.

Section 8.2.11 Power of Attorney. Effective upon the occurrence of an Event of Default, and continuing until and unless such Event of Default is cured or waived, Borrower hereby constitutes and appoints Funding Lender, or an independent contractor selected by Funding Lender, as its true and lawful attorney-in-fact with full power of substitution, for the purposes of completion of the Project and performance of Borrower's obligations under this Borrower Loan Agreement in the name of Borrower, and hereby empowers said attorney-in-fact to do any or all of the following upon the occurrence and continuation of an Event of Default (it being understood and agreed that said power of attorney shall be deemed to be a power coupled with an interest which cannot be revoked until full payment and performance of all obligations under this Borrower Loan Agreement and the other Borrower Loan Documents and the Funding Loan Documents):

(a) to use any of the funds of Borrower or General Partner, including any balance of the Borrower Loan, as applicable, and any funds which may be held by Funding Lender for Borrower (including all funds in all deposit accounts in which Borrower has granted to Funding Lender a security interest), for the purpose of effecting completion of the construction or rehabilitation, as the case may be, of the Improvements, in the manner called for by the Plans and Specifications;

(b) to make such additions, changes and corrections in the Plans and Specifications as shall be necessary or desirable to complete the Project in substantially the manner contemplated by the Plans and Specifications;

(c) to employ any contractors, subcontractors, agents, architects and inspectors required for said purposes;

(d) to employ attorneys to defend against attempts to interfere with the exercise of power granted hereby;

(e) to pay, settle or compromise all existing bills and claims which are or may be liens against the Project or the Improvements, or may be necessary or desirable for the completion of the construction or rehabilitation, as the case may be, of the Improvements, or clearance of objections to or encumbrances on title;

(f) to execute all applications and certificates in the name of Borrower, which may be required by any other construction contract;

(g) to prosecute and defend all actions or proceedings in connection with the Project and to take such action, require such performance and do any and every other act as is deemed necessary with respect to the completion of the construction or rehabilitation, as the case may be, of the Improvements, which Borrower might do on its own behalf;

(h) to let new or additional contracts to the extent not prohibited by their existing contracts;

(i) to employ watchmen and erect security fences to protect the Project from injury;
and

(j) to take such action and require such performance as it deems necessary under any of the bonds or insurance policies to be furnished hereunder, to make settlements and compromises with the sureties or insurers thereunder, and in connection therewith to execute instruments of release and satisfaction.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default, rights and remedies may be pursued pursuant to the terms of the Borrower Loan Documents and the Funding Loan Documents. The parties hereto acknowledge that, among the possible outcomes to the pursuit of such remedies, is the situation where the Funding Lender assignees or designees become the owner of the Project and assume the obligations identified above, and the Borrower Notes, the Borrower Loan and the other Borrower Loan Documents and Funding Loan Documents remain outstanding.

ARTICLE IX

SPECIAL PROVISIONS

Section 9.1. Sale of Notes and Secondary Market Transaction.

Section 9.1.1 Cooperation. Subject to the restrictions of Section 2.6 of the Funding Loan Agreement, at the Funding Lender's or the Servicer's request (to the extent not already required to be provided by the Borrower under this Borrower Loan Agreement), the Borrower shall use reasonable efforts to satisfy the market standards to which the Funding Lender or the Servicer customarily adheres or which may be reasonably required in the marketplace or by the Funding Lender or the Servicer in connection with one or more sales or assignments of all or a portion of either or both of the Governmental Lender Notes and the Funding Loan or participations therein or securitizations of single or multi-class securities (the "Securities") secured by or evidencing ownership interests in all or a portion of either or both of the Governmental Lender Notes and the Funding Loan (each such sale, assignment and/or securitization, a "Secondary Market Transaction"); provided that the Borrower shall not incur any third party or other out-of-pocket costs and expenses in connection with a Secondary Market Transaction, including the costs

associated with the delivery of any Provided Information or any opinion required in connection therewith, and all such costs shall be paid by the Funding Lender or the Servicer, and shall not materially modify Borrower's rights or obligations. Without limiting the generality of the foregoing, the Borrower shall, so long as the Borrower Loan is still outstanding:

(a) (i) provide such financial and other information with respect to the Borrower Loan, and with respect to the Project, the Borrower, the Manager, the contractor of the Project or the Borrower Controlling Entity, (ii) provide financial statements, audited, if available, relating to the Project with customary disclaimers for any forward looking statements or lack of audit, and (iii), at the expense of the Funding Lender or the Servicer, perform or permit or cause to be performed or permitted such site inspection, appraisals, surveys, market studies, environmental reviews and reports (Phase Is and, if appropriate, Phase IIs), engineering reports and other due diligence investigations of the Project, as may be reasonably requested in writing from time to time by the Funding Lender or the Servicer or the Rating Agencies or as may be necessary or appropriate in connection with a Secondary Market Transaction or Exchange Act requirements (the items provided to the Funding Lender or the Servicer pursuant to this paragraph (a) being called the "Provided Information"), together, if customary, with appropriate verification of and/or consents (including, without limitation, auditor consents) to include or incorporate by reference the Provided Information in an offering document or otherwise provide the Provided Information to investors and potential investors or opinions of counsel of independent attorneys acceptable to the Funding Lender or the Servicer and the Rating Agencies;

(b) make such representations and warranties as of the closing date of any Secondary Market Transaction with respect to the Project, the Borrower, the Borrower Loan Documents and the Funding Loan Documents reasonably acceptable to the Funding Lender or the Servicer, consistent with the facts covered by such representations and warranties as they exist on the date thereof; and

(c) execute such amendments to the Borrower Loan Documents and the Funding Loan Documents to accommodate such Secondary Market Transaction so long as such amendment does not affect the material economic terms of the Borrower Loan Documents and the Funding Loan Documents and is not otherwise adverse to the Borrower in its reasonable discretion.

Section 9.1.2 Use of Information. The Borrower understands that certain of the Provided Information and the required records may be included in disclosure documents in connection with a Secondary Market Transaction, including a prospectus or private placement memorandum (each, a "Secondary Market Disclosure Document"), or provided or made available to investors or prospective investors in the Securities, the Rating Agencies and service providers or other parties relating to the Secondary Market Transaction. In the event that the Secondary Market Disclosure Document is required to be revised, the Borrower shall cooperate, subject to Section 9.1.1(c) hereof, with the Funding Lender and the Servicer in updating the Provided Information or required records for inclusion or summary in the Secondary Market Disclosure Document or for other use reasonably required in connection with a Secondary Market Transaction by providing all current information pertaining to the Borrower and the Project necessary to keep the Secondary Market Disclosure Document accurate and complete in all material respects with respect to such matters. The Borrower hereby consents to any and all such disclosures of such information.

Section 9.1.3 Borrower Obligations Regarding Secondary Market Disclosure Documents. In connection with a Secondary Market Disclosure Document, the Borrower shall provide, or in the case of a Borrower-engaged third party such as the Manager, cause it to provide, information reasonably requested by the Funding Lender pertaining to the Borrower, the Project or such third party (and portions of any other sections reasonably requested by the Funding Lender pertaining to the Borrower, the Project or the third party). The Borrower shall, if requested by the Funding Lender and the Servicer, certify

in writing that the Borrower has carefully examined those portions of such Secondary Market Disclosure Document, pertaining to the Borrower, the Project or the Manager, and such portions (and portions of any other sections reasonably requested and pertaining to the Borrower, the Project or the Manager) do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading; provided that the Borrower shall not be required to make any representations or warranties regarding any Provided Information obtained from a third party except with respect to information it provided to such parties. Furthermore, the Borrower hereby indemnifies the Funding Lender and the Servicer for any Liabilities to which any such parties may become subject to the extent such Liabilities arise out of or are based upon the use of the Provided Information in a Secondary Market Disclosure Document.

Section 9.1.4 Borrower Indemnity Regarding Filings. In connection with filings under the Exchange Act or the Securities Act, the Borrower shall (i) indemnify Funding Lender and the underwriter group for any securities (the "Underwriter Group") for any Liabilities to which Funding Lender, the Servicer or the Underwriter Group may become subject insofar as the Liabilities arise out of or are based upon the omission or alleged omission to state in the Provided Information of a material fact required to be stated in the Provided Information in order to make the statements in the Provided Information, in the light of the circumstances under which they were made not misleading and (ii) reimburse the Funding Lender, the Servicer, the Underwriter Group and other indemnified parties listed above for any legal or other expenses reasonably incurred by the Funding Lender, the Servicer or the Underwriter Group in connection with defending or investigating the Liabilities; provided that the Borrower shall not provide any indemnification regarding any Provided Information obtained from unrelated third parties except with respect to information it provided to such parties.

Section 9.1.5 Indemnification Procedure. Promptly after receipt by an indemnified party under Sections 9.1.3 and 9.1.4 hereof of notice of the commencement of any action for which a claim for indemnification is to be made against the Borrower, such indemnified party shall notify the Borrower in writing of such commencement, but the omission to so notify the Borrower will not relieve the Borrower from any liability that it may have to any indemnified party hereunder except to the extent that failure to notify causes prejudice to the Borrower. In the event that any action is brought against any indemnified party, and it notifies the Borrower of the commencement thereof, the Borrower will be entitled, jointly with any other indemnifying party, to participate therein and, to the extent that it (or they) may elect by Written Notice delivered to the indemnified party promptly after receiving the aforesaid notice of commencement, to assume the defense thereof with counsel selected by the Borrower and reasonably satisfactory to such indemnified party in its sole discretion. After notice from the Borrower to such indemnified party under this Section 9.1.5, the Borrower shall not be responsible for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof other than reasonable costs of investigation. No indemnified party shall settle or compromise any claim for which the Borrower may be liable hereunder without the prior Written Consent of the Borrower.

Section 9.1.6 Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnity agreement provided for in Section 9.1.4 hereof is for any reason held to be unenforceable by an indemnified party in respect of any Liabilities (or action in respect thereof) referred to therein which would otherwise be indemnifiable under Section 9.1.4 hereof, the Borrower shall contribute to the amount paid or payable by the indemnified party as a result of such Liabilities (or action in respect thereof); provided, however, that no Person guilty of fraudulent misrepresentation (within the meaning of Section 10(f) of the Securities Act) shall be entitled to contribution from any Person not guilty of such fraudulent misrepresentation. In determining the amount of contribution to which the respective parties are entitled, the following factors shall be considered: (i) the indemnified parties and the Borrower's relative knowledge and access to information concerning the matter with respect to which the claim was asserted; (ii) the opportunity to correct and prevent any statement or omission; and (iii) any other equitable

considerations appropriate in the circumstances. The parties hereto hereby agree that it may not be equitable if the amount of such contribution were determined by pro rata or per capita allocation.

ARTICLE X

MISCELLANEOUS

Section 10.1. Notices. All notices, consents, approvals and requests required or permitted hereunder or under any other Borrower Loan Document or Funding Loan Document (a "notice") shall be deemed to be given and made when delivered by hand, by recognized overnight delivery service, confirmed facsimile transmission (provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day), or five (5) calendar days after deposited in the United States mail, registered or certified, postage prepaid, with return receipt requested, addressed as follows:

If to the Borrower:	Cairn Point Montopolis, LP c/o Vecino Bond Group 305 W. Commercial Street Springfield, Missouri 65803 Attention: Rick Manzardo Phone: (417) 720-1577 Email:
With a copy to:	Polsinelli PC 201 E. Las Olas Boulevard, Suite 2250B Fort Lauderdale, FL, 33301 Attention: Phone: Email:
With a copy to:	Family Eldercare 9201 N. Central Expressway, 4 th Floor Dallas, Texas 75231 Attention: ____ Phone: (____) _____
With a copy to:	Shackelford, McKinley & Norton, LLP 9201 N. Central Expressway, 4 th Floor Dallas, Texas 75231 Attention: John C. Shackelford Phone: (214) 780-1414 E-mail: jshack@shackelford.law
If to the General Partner:	TSAHC Cairn Point GP, LLC clo Texas State Affordable Housing Corporation 6701 Shirley Avenue Austin, Texas 78752 Attention: President Phone: (512) 477-3553 E-mail: dlong@tsahc.org

With a copy to: Coats Rose, P.C.
2700 Via Fortuna, Suite 350, Terrace 2
Austin, Texas 78746
Attention: Sarah Scott
Phone: (512) 684-3841
Email:

If to the Governmental Lender: Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: President
Phone: (512) 477-3553

With a copy to: Norton Rose Fulbright US
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Paul Braden
Phone: (214) 855-8189
Email: paul.braden@nortonrosefulbright.com

And with a copy to: Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Robert D. Dransfield
Phone: (214) 855-8068
Email: robert.dransfield@nortonrosefulbright.com

If to Funding Lender: Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Transaction and Asset Management Group
Re: Cairn Point Montopolis Deal ID No. 50012438
Facsimile: (212) 723-8209

With a copy to: Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Re: Cairn Point Montopolis Deal ID No. 50012438
Facsimile: (805) 557 0924

With a copy to: Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Attention: Aviva Yakren, Esq.
Phone: (212) 839-5682
E-mail: ayakren@sidley.com

Prior to the Conversion Date,
with a copy to:

Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Account Specialist
Re: Cairn Point Montopolis
Deal ID No. 50012438
Facsimile: (212) 723-8209

Following the Conversion
Date, with a copy to:

Citibank, N.A.
c/o Berkadia Commercial Servicing Department
323 Norristown Road, Suite 300
Ambler, Pennsylvania 19002
Attention: Client Relations Manager
Re: Cairn Point Montopolis
Deal ID No. _____
Facsimile: (215) 328-0305

And a copy of any notices of
default sent to:

Citibank, N.A.
388 Greenwich Street, 17th Floor
New York, New York 10013
Attention: General Counsel's Office
Re: Cairn Point Montopolis
Deal ID No. 50012438
Facsimile: (646) 291-5754

If to the Fiscal Agent:

Regions Bank
1717 McKinney Avenue, 11th Floor
Dallas, Texas 75202
Attention: Corporate Trust Department
Facsimile: () _____
Email: _____@regions.com

If to the Equity Investor:

With a copy to:

Any party may change such party's address for the notice or demands required under this Borrower Loan Agreement by providing written notice of such change of address to the other parties by written notice as provided herein.

Section 10.2. Brokers and Financial Advisors. The Borrower hereby represents that it has dealt with no financial advisors, brokers, underwriters, placement agents, agents or finders in connection with the Borrower Loan, other than those disclosed to the Funding Lender and whose fees shall be paid by the Borrower pursuant to separate agreements. The Borrower and the Funding Lender shall indemnify and hold the other harmless from and against any and all claims, liabilities, costs and expenses of any kind in

any way relating to or arising from a claim by any Person that such Person acted on behalf of the indemnifying party in connection with the transactions contemplated herein. The provisions of this Section 10.2 shall survive the expiration and termination of this Borrower Loan Agreement and the repayment of the Borrower Payment Obligations.

Section 10.3. Survival. This Borrower Loan Agreement and all covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the making by the Governmental Lender of the Borrower Loan and the execution and delivery to the Governmental Lender of the Borrower Notes and the assignment of the Borrower Notes to the Fiscal Agent, and shall continue in full force and effect so long as all or any of the Borrower Payment Obligations is unpaid. Further, the covenants of the Borrower contained in Section 5.15 of this Borrower Loan Agreement shall survive as provided in Section 5.15 hereof. All the Borrower's covenants and agreements in this Borrower Loan Agreement shall inure to the benefit of the respective legal representatives, successors and assigns of the Governmental Lender, the Fiscal Agent, the Funding Lender and the Servicer.

Section 10.4. Preferences. To the extent the Borrower makes a payment to the Governmental Lender, the Fiscal Agent or the Servicer, or the Governmental Lender, the Fiscal Agent or the Servicer receives proceeds of any collateral, which is in whole or part subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other party under any bankruptcy law, state or federal law, common law or equitable cause, then, to the extent of such payment or proceeds received, the Borrower Payment Obligations or part thereof intended to be satisfied shall be revived and continue in full force and effect, as if such payment or proceeds had not been received by the Governmental Lender or the Servicer. In furtherance of the preceding sentence, the Governmental Lender shall have the continuing and exclusive right to apply or reverse and reapply any and all payments by the Borrower to any portion of the Borrower Payment Obligations.

Section 10.5. Waiver of Notice. The Borrower shall not be entitled to any notices of any nature whatsoever from the Funding Lender, the Fiscal Agent or the Servicer except with respect to matters for which this Borrower Loan Agreement or any other Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, to the Borrower and except with respect to matters for which the Borrower is not, pursuant to applicable Legal Requirements, permitted to waive the giving of notice. The Borrower hereby expressly waives the right to receive any notice from the Funding Lender, the Fiscal Agent or the Servicer, as the case may be, with respect to any matter for which no Borrower Loan Document specifically and expressly provides for the giving of notice by the Funding Lender, the Fiscal Agent or the Servicer to the Borrower.

Section 10.6. Offsets, Counterclaims and Defenses. The Borrower hereby waives the right to assert a counterclaim, other than a compulsory counterclaim, in any action or proceeding brought against it by the Funding Lender, the Fiscal Agent or the Servicer with respect to a Borrower Loan Payment. Any assignee of Funding Lender's or the Fiscal Agent's interest in and to the Borrower Loan Documents or the Funding Loan Documents shall take the same free and clear of all offsets, counterclaims or defenses that are unrelated to the Borrower Loan Documents or the Funding Loan Documents which the Borrower may otherwise have against any assignor of such documents, and no such unrelated offset, counterclaim or defense shall be interposed or asserted by the Borrower in any action or proceeding brought by any such assignee upon such documents, and any such right to interpose or assert any such unrelated offset, counterclaim or defense in any such action or proceeding is hereby expressly waived by the Borrower.

Section 10.7. Publicity. The Funding Lender and the Servicer (and any Affiliates of either party) shall have the right to issue press releases, advertisements and other promotional materials describing the Funding Lender's or the Servicer's participation in the making of the Borrower Loan or the Borrower Loan's inclusion in any Secondary Market Transaction effectuated by the Funding Lender or the Servicer

or one of its or their Affiliates. All news releases, publicity or advertising by the Borrower or its Affiliates through any media intended to reach the general public, which refers to the Borrower Loan Documents or the Funding Loan Documents, the Borrower Loan, the Funding Lender or the Servicer in a Secondary Market Transaction, shall be subject to the prior Written Consent of the Funding Lender or the Servicer, as applicable.

Section 10.8. Construction of Documents. The parties hereto acknowledge that they were represented by counsel in connection with the negotiation and drafting of the Borrower Loan Documents and the Funding Loan Documents and that the Borrower Loan Documents and the Funding Loan Documents shall not be subject to the principle of construing their meaning against the party that drafted them.

Section 10.9. No Third Party Beneficiaries. The Borrower Loan Documents and the Funding Loan Documents are solely for the benefit of the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer and the Borrower and, with respect to Sections 9.1.3 and 9.1.4 hereof, the Underwriter Group, and nothing contained in any Borrower Loan Document shall be deemed to confer upon anyone other than the Governmental Lender, the Funding Lender, the Fiscal Agent, the Servicer, and the Borrower any right to insist upon or to enforce the performance or observance of any of the obligations contained therein.

Section 10.10. Assignment. The Borrower Loan, the Security Instrument, the Borrower Loan Documents and the Funding Loan Documents and all Funding Lender's rights, title, obligations and interests therein may be assigned by the Funding Lender, at any time in its sole discretion, whether by operation of law (pursuant to a merger or other successor in interest) or otherwise, subject to the requirements of Section 2.6 and Article IV of the Funding Loan Agreement. Upon such assignment, all references to Funding Lender in this Borrower Loan Agreement and in any Borrower Loan Document shall be deemed to refer to such assignee or successor in interest and such assignee or successor in interest shall thereafter stand in the place of the Funding Lender. Borrower shall accord full recognition to any such assignment, and all rights and remedies of Funding Lender in connection with the interest so assigned shall be as fully enforceable by such assignee as they were by Funding Lender before such assignment. In connection with any proposed assignment, Funding Lender may disclose to the proposed assignee any information that Borrower has delivered, or caused to be delivered, to Funding Lender with reference to Borrower, General Partner, Guarantor or any Borrower Affiliate, or the Project, including information that Borrower is required to deliver to Funding Lender pursuant to this Borrower Loan Agreement, provided that such proposed assignee agrees to treat such information as confidential. The Borrower may not assign its rights, interests or obligations under this Borrower Loan Agreement or under any of the Borrower Loan Documents or Funding Loan Documents, or Borrower's interest in any moneys to be disbursed or advanced hereunder, except only as may be expressly permitted hereby and in the Funding Loan Documents.

Section 10.11. Usury. Borrower and Governmental Lender intend at all times to comply with the laws of the State of Texas governing the maximum rate or amount of interest payable on or in connection with the Borrower Loan, including Chapter 1204 of the Texas Government Code (or applicable United States federal law to the extent that it permits Governmental Lender to contract for, charge, take, reserve or receive a greater amount of interest than under Texas law). If the applicable law is ever judicially interpreted so as to render usurious any amount payable under the Borrower Notes, this Borrower Loan Agreement or any other Borrower Loan Document, or contracted for, charged, taken, reserved or received with respect to the Borrower Loan, or if acceleration of the maturity of the Borrower Loan, or if any prepayment by Borrower results in Borrower having paid any interest in excess of that permitted by any applicable law, then Borrower and Governmental Lender expressly intend that all excess amounts collected by Governmental Lender will be applied to reduce the unpaid principal balance of the Borrower Loan (or, if the Borrower Loan has been or would thereby be paid in full, will be refunded to Borrower), and the

provisions of the Borrower Notes, this Borrower Loan Agreement and the other Borrower Loan Documents immediately will be deemed reformed and the amounts thereafter collectible under the Borrower Loan Documents reduced, without the necessity of the execution of any new documents, so as to comply with any applicable law, but so as to permit the recovery of the fullest amount otherwise payable under the Borrower Loan Documents. The right to accelerate the maturity of the Borrower Loan does not include the right to accelerate any interest which has not otherwise accrued on the date of such acceleration, and Governmental Lender does not intend to collect any unearned interest in the event of acceleration. All sums paid or agreed to be paid to Governmental Lender for the use, forbearance or detention of the Borrower Loan will, to the extent permitted by any applicable law, be amortized, prorated, allocated and spread throughout the full term of the Borrower Loan until payment in full so that the rate or amount of interest on account of the Borrower Loan does not exceed the applicable usury ceiling. Notwithstanding any provision contained in the Borrower Notes, this Borrower Loan Agreement or any other Borrower Loan Document that permits the compounding of interest, including any provision by which any accrued interest is added to the principal amount of the Borrower Loan, the total amount of interest that Borrower is obligated to pay and Governmental Lender is entitled to receive with respect to the Borrower Loan will not exceed the amount calculated on a simple (i.e., noncompounded) interest basis at the maximum rate on principal amounts actually advanced to or for the account of Borrower, including all current and prior advances and any advances made pursuant to the Borrower Loan Agreement or any other Borrower Loan Document.

Section 10.12. Governmental Lender, Funding Lender, Fiscal Agent and Servicer Not in Control; No Partnership. None of the covenants or other provisions contained in this Borrower Loan Agreement shall, or shall be deemed to, give the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer the right or power to exercise control over the affairs or management of the Borrower, the power of the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer being limited to the rights to exercise the remedies referred to in the Borrower Loan Documents and the Funding Loan Documents. The relationship between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer is, and at all times shall remain, solely that of debtor and creditor. No covenant or provision of the Borrower Loan Documents or the Funding Loan Documents is intended, nor shall it be deemed or construed, to create a partnership, joint venture, agency or common interest in profits or income between the Borrower and the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer or to create an equity in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer. Neither the Governmental Lender, the Funding Lender, the Fiscal Agent nor the Servicer undertakes or assumes any responsibility or duty to the Borrower or to any other person with respect to the Project or the Borrower Loan, except as expressly provided in the Borrower Loan Documents or the Funding Loan Documents: (1) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer are not, and shall not be construed as, a partner, joint venturer, alter ego, manager, controlling person or other business associate or participant of any kind of the Borrower or its stockholders, members, or partners and the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer do not intend to ever assume such status; (2) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall in no event be liable for any Borrower Payment Obligations, expenses or losses incurred or sustained by the Borrower; and (3) the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer shall not be deemed responsible for or a participant in any acts, omissions or decisions of the Borrower, the Borrower Controlling Entities or its stockholders, members, or partners. The Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer and the Borrower disclaim any intention to create any partnership, joint venture, agency or common interest in profits or income between the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Borrower, or to create an equity in the Project in the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, or any sharing of liabilities, losses, costs or expenses.

Section 10.13. Release. The Borrower hereby acknowledges that it is executing this Borrower Loan Agreement and each of the Borrower Loan Documents and the Funding Loan Documents to which it is a party as its own voluntary act free from duress and undue influence.

Section 10.14. Term of Borrower Loan Agreement. This Borrower Loan Agreement shall be in full force and effect until all payment obligations of the Borrower hereunder have been paid in full and the Borrower Loan and the Governmental Lender Notes have been retired or the payment thereof has been provided for; except that on and after payment in full of the Borrower Notes, this Borrower Loan Agreement shall be terminated, without further action by the parties hereto; provided, however, that the obligations of the Borrower under Sections 5.11 (Governmental Lender's Fees), 5.14 (Expenses), 5.15 (Indemnity), 9.1.3, 9.1.4, 9.1.5, 9.1.6 and 10.15 (Reimbursement of Expenses) hereof, as well as under Section 5.7 of the Construction Funding Agreement, shall survive the termination of this Borrower Loan Agreement.

Section 10.15. Reimbursement of Expenses. If, upon or after the occurrence of any Event of Default or Potential Default, the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer shall employ attorneys or incur other actual expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein, the Borrower will on written demand therefor reimburse the Governmental Lender, the Funding Lender, the Fiscal Agent and the Servicer for such fees of such attorneys and such other expenses so incurred.

The Borrower's obligation to pay the amounts required to be paid under this Section 10.15 shall be subordinate to its obligations to make payments under the Borrower Notes.

Section 10.16. Permitted Contests. Notwithstanding anything to the contrary contained in this Borrower Loan Agreement, Borrower shall have the right to contest or object in good faith to any claim, demand, mechanic's or materialman's liens, levy or assessment (other than in respect of Debt or Contractual Obligations of Borrower under any Borrower Loan Document or Related Document) by appropriate legal proceedings that are not prejudicial to Funding Lender's rights, but this shall not be deemed or construed as in any way relieving, modifying or providing any extension of time with respect to Borrower's covenant to pay and comply with any such claim, demand, mechanic's or materialman's lien, levy or assessment, unless Borrower shall have given prior Written Notice to the Governmental Lender and the Funding Lender of Borrower's intent to so contest or object thereto, and unless (i) Borrower has, in the Governmental Lender's and the Funding Lender's judgment, a reasonable basis for such contest, (ii) Borrower pays when due any portion of the claim, demand, levy or assessment to which Borrower does not object, (iii) Borrower demonstrates to Funding Lender's satisfaction that such legal proceedings shall conclusively operate to prevent enforcement prior to final determination of such proceedings, (iv) Borrower furnishes such bond, surety, undertaking or other security in connection therewith as required by law, or as requested by and satisfactory to Funding Lender, to stay such proceeding, which bond, surety, undertaking or other security shall be issued by a bonding company, insurer or surety company reasonably satisfactory to Funding Lender and shall be sufficient to cause the claim, demand, levy or assessment to be insured against by the Title Company or removed as a lien against the Project, (v) Borrower at all times prosecutes the contest with due diligence, and (vi) Borrower pays, promptly following a determination of the amount of such claim, demand, mechanic's or materialman's lien, levy or assessment due and owing by Borrower, the amount so determined to be due and owing by Borrower. In the event that Borrower does not make, promptly following a determination of the amount of such claim, demand, mechanic's or materialman's lien, levy or assessment due and owing by Borrower, any payment required to be made pursuant to clause (vi) of the preceding sentence, an Event of Default shall have occurred, and Funding Lender may draw or realize upon any bond or other security delivered to Funding Lender in connection with the contest by Borrower, in order to make such payment.

Section 10.17. Funding Lender Approval of Instruments and Parties. All proceedings taken in accordance with transactions provided for herein, and all surveys, appraisals and documents required or contemplated by this Borrower Loan Agreement and the persons responsible for the execution and preparation thereof, shall be satisfactory to and subject to approval by Funding Lender. Funding Lender's approval of any matter in connection with the Project shall be for the sole purpose of protecting the security and rights of Funding Lender. No such approval shall result in a waiver of any default of Borrower. In no event shall Funding Lender's approval be a representation of any kind with regard to the matter being approved.

Section 10.18. Funding Lender Determination of Facts. Funding Lender shall at all times be free to establish independently, to its reasonable satisfaction, the existence or nonexistence of any fact or facts, the existence or nonexistence of which is a condition of this Borrower Loan Agreement.

Section 10.19. Calendar Months. With respect to any payment or obligation that is due or required to be performed within a specified number of Calendar Months after a specified date, such payment or obligation shall become due on the day in the last of such specified number of Calendar Months that corresponds numerically to the date so specified; provided, however, that with respect to any obligation as to which such specified date is the 29th, 30th or 31st day of any Calendar Month: if the Calendar Month in which such payment or obligation would otherwise become due does not have a numerically corresponding date, such obligation shall become due on the first day of the next succeeding Calendar Month.

Section 10.20. Determinations by Lender. Except to the extent expressly set forth in this Borrower Loan Agreement to the contrary, in any instance where the consent or approval of the Governmental Lender and the Funding Lender may be given or is required, or where any determination, judgment or decision is to be rendered by the Governmental Lender and the Funding Lender under this Borrower Loan Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Governmental Lender and the Funding Lender, as applicable (or its designated representative) at its sole and exclusive option and in its sole and absolute discretion.

Section 10.21. Governing Law. This Borrower Loan Agreement shall be governed by and enforced in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than the State.

Section 10.22. Consent to Jurisdiction and Venue. Borrower agrees that any controversy arising under or in relation to this Borrower Loan Agreement shall be litigated exclusively in the State. The state and federal courts and authorities with jurisdiction in the State shall have exclusive jurisdiction over all controversies which shall arise under or in relation to this Borrower Loan Agreement. Borrower irrevocably consents to service, jurisdiction, and venue of such courts for any such litigation and waives any other venue to which it might be entitled by virtue of domicile, habitual residence or otherwise. However, nothing herein is intended to limit Beneficiary Parties' right to bring any suit, action or proceeding relating to matters arising under this Borrower Loan Agreement against Borrower or any of Borrower's assets in any court of competent jurisdiction.

Section 10.23. Successors and Assigns. This Borrower Loan Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate. The terms used to designate any of the parties herein shall be deemed to include the heirs, legal representatives, successors, successors-in-interest and assigns, as appropriate, of such parties. References to a "person" or "persons" shall be deemed to include individuals and entities.

Section 10.24. Severability. The invalidity, illegality or unenforceability of any provision of this Borrower Loan Agreement shall not affect the validity, legality or enforceability of any other provision, and all other provisions shall remain in full force and effect.

Section 10.25. Entire Agreement; Amendment and Waiver. This Borrower Loan Agreement contains the complete and entire understanding of the parties with respect to the matters covered. This Borrower Loan Agreement may not be amended, modified or changed, nor shall any waiver of any provision hereof be effective, except by a written instrument signed by the party against whom enforcement of the waiver, amendment, change, or modification is sought, and then only to the extent set forth in that instrument. No specific waiver of any of the terms of this Borrower Loan Agreement shall be considered as a general waiver. Without limiting the generality of the foregoing, no Disbursement shall constitute a waiver of any conditions to the Governmental Lender's or the Funding Lender's obligation to make further Disbursements nor, in the event Borrower is unable to satisfy any such conditions, shall any such waiver have the effect of precluding the Governmental Lender or the Funding Lender from thereafter declaring such inability to constitute a Potential Default or Event of Default under this Borrower Loan Agreement.

Section 10.26. Counterparts. This Borrower Loan Agreement may be executed in multiple counterparts, each of which shall constitute an original document and all of which together shall constitute one agreement.

Section 10.27. Captions. The captions of the sections of this Borrower Loan Agreement are for convenience only and shall be disregarded in construing this Borrower Loan Agreement.

Section 10.28. Servicer. Borrower hereby acknowledges and agrees that, pursuant to the terms of Section 39 of the Security Instrument: (a) from time to time, the Governmental Lender or the Funding Lender may appoint a servicer to collect payments, escrows and deposits, to give and to receive notices under the Borrower Notes, this Borrower Loan Agreement or the other Borrower Loan Documents, and to otherwise service the Borrower Loan and (b) unless Borrower receives Written Notice from the Governmental Lender or the Funding Lender to the contrary, any action or right which shall or may be taken or exercised by the Governmental Lender or the Funding Lender may be taken or exercised by such servicer with the same force and effect.

Section 10.29. Beneficiary Parties as Third Party Beneficiary. Each of the Beneficiary Parties shall be a third party beneficiary of this Borrower Loan Agreement for all purposes.

Section 10.30. Waiver of Trial by Jury. TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS BORROWER LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

Section 10.31. Time of the Essence. Time is of the essence with respect to this Borrower Loan Agreement.

Section 10.32. Modifications. Modifications (if any) to this Borrower Loan Agreement ("Modifications") are set forth on Exhibit A attached to this Borrower Loan Agreement. In the event of a Transfer under the terms of the Security Instrument, some or all of the Modifications to this Borrower Loan

Agreement may be modified or rendered void by the Governmental Lender or the Funding Lender at its option by notice to Borrower or such transferee.

Section 10.33. Reference Date. This Borrower Loan Agreement is dated for reference purposes only as of the first day of February, 2025, and will not be effective and binding on the parties hereto unless and until the Closing Date (as defined herein) occurs.

ARTICLE XI

LIMITATIONS ON LIABILITY

Section 11.1. Limitation on Liability. Notwithstanding anything to the contrary herein, the liability of the Borrower hereunder and under the other Borrower Loan Documents and the Funding Loan Documents shall be limited to the extent set forth in the Borrower Notes.

Section 11.2. Limitation on Liability of Governmental Lender; Governmental Lender May Rely.

(a) All obligations of the Governmental Lender incurred under this Borrower Loan Agreement, the Regulatory Agreement and the Funding Loan Agreement shall be limited obligations of the Governmental Lender, payable solely and only from Funding Loan proceeds, revenues and other amounts derived by the Governmental Lender from the Security pledged therefor including Pledged Revenues. THE GOVERNMENTAL LENDER NOTES AND THE FUNDING LOAN SHALL BE PAYABLE SOLELY FROM THE REVENUES AND OTHER FUNDS AND PROPERTY PLEDGED UNDER THE FUNDING LOAN AGREEMENT FOR THE PAYMENT OF THE GOVERNMENTAL LENDER NOTES AND THE FUNDING LOAN, AND NO OWNER OF THE GOVERNMENTAL LENDER NOTES SHALL EVER HAVE THE RIGHT TO COMPEL ANY EXERCISE OF THE TAXING POWER OF THE STATE OR ANY POLITICAL SUBDIVISION OR OTHER PUBLIC BODY OF THE STATE, OR TO ENFORCE THE PAYMENT OF THE FUNDING LOAN OR THE GOVERNMENTAL LENDER NOTES AGAINST ANY PROPERTY OF THE GOVERNMENTAL LENDER, THE STATE OR ANY SUCH POLITICAL SUBDIVISION OR OTHER PUBLIC BODY, INCLUDING THE GOVERNMENTAL LENDER, EXCEPT AS PROVIDED IN THE FUNDING LOAN AGREEMENT. NO OFFICIAL, DIRECTOR, OFFICER, EMPLOYEE, AGENT OR ATTORNEY OF THE GOVERNMENTAL LENDER, INCLUDING ANY PERSON EXECUTING THIS BORROWER LOAN AGREEMENT ON BEHALF OF THE GOVERNMENTAL LENDER, SHALL BE LIABLE PERSONALLY UNDER THIS BORROWER LOAN AGREEMENT OR FOR ANY REASON RELATING TO THE MAKING OF THE FUNDING LOAN OR ISSUANCE OF THE GOVERNMENTAL LENDER NOTES. NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR THE INTEREST ON THE GOVERNMENTAL LENDER NOTES OR THE FUNDING LOAN, OR FOR ANY CLAIM BASED ON THE GOVERNMENTAL LENDER NOTES OR THE FUNDING LOAN, OR OTHERWISE IN RESPECT OF THE GOVERNMENTAL LENDER NOTES OR THE FUNDING LOAN, OR BASED ON OR IN RESPECT OF THIS BORROWER LOAN AGREEMENT OR ANY AMENDMENT TO THIS BORROWER LOAN AGREEMENT, AGAINST ANY OFFICIAL, DIRECTOR, OFFICER, EMPLOYEE, AGENT OR ATTORNEY OF THE GOVERNMENTAL LENDER, AS SUCH, OR ANY SUCCESSOR WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUTE OR RULE OF LAW, OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, ALL SUCH LIABILITY BEING, BY THE ACCEPTANCE OF THIS BORROWER LOAN AGREEMENT AND AS PART OF THE CONSIDERATION FOR THE MAKING OF THE FUNDING LOAN AND THE ISSUANCE OF THE GOVERNMENTAL LENDER NOTES, EXPRESSLY WAIVED AND RELEASED.

(b) It is expressly understood and agreed by the parties to this Borrower Loan Agreement that:

(i) the Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to the Governmental Lender by the Funding Lender, the Fiscal Agent, any Owner of the Governmental Lender Notes or the Borrower as to the existence of a fact or state of affairs required under this Borrower Loan Agreement to be noticed by the Governmental Lender;

(ii) the Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by the Borrower, the Funding Lender or the Fiscal Agent; and

(iii) none of the provisions of this Borrower Loan Agreement shall require the Governmental Lender to expend or risk its own funds (apart from the proceeds of Governmental Lender Notes issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Borrower 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 any such action.

(c) No provision, representation, covenant or agreement contained in this Borrower Loan Agreement or in the Funding Loan Agreement, the Governmental Lender Notes, or any obligation herein or therein imposed upon the Governmental Lender, or the breach thereof, shall constitute or give rise to or impose upon the Governmental Lender a pecuniary liability (except to the extent of any Borrower Loan repayments, revenues and receipts derived by the Governmental Lender pursuant to this Borrower Loan Agreement and other moneys held pursuant to the Funding Loan Agreement, other than in the Rebate Fund). No provision hereof shall be construed to impose a charge against the general credit of the Governmental Lender, the State or any other political subdivision of the State, the taxing powers of the foregoing, within the meaning of any Constitutional provision or statutory limitation, or any personal or pecuniary liability upon any official, director, officer, employee, agent or attorney of the Governmental Lender.

(d) All covenants, obligations and agreements of the Governmental Lender contained in this Borrower Loan Agreement and the Funding Loan Agreement shall be effective to the extent authorized and permitted by applicable law. No such covenant, obligation or agreement shall be deemed to be a covenant, obligation or agreement of any present or future official, director, officer, employee, agent or attorney of the Governmental Lender in other than his official capacity, and no official executing the Governmental Lender Notes shall be liable personally on the Governmental Lender Notes or be subject to any personal liability or accountability by reason of the issuance thereof or by reason of the covenants, obligations or agreements of the Governmental Lender contained in this Borrower Loan Agreement or in the Funding Loan Agreement. No provision, covenant or agreement contained in this Borrower Loan Agreement, the Funding Loan Agreement or the Governmental Lender Notes, or any obligation herein or therein imposed upon the Governmental Lender, or the breach thereof, shall constitute or give rise to or impose upon the Governmental Lender a pecuniary liability or a charge. No recourse shall be had for the enforcement of any obligation, covenant, promise, or agreement of the Governmental Lender contained in this Borrower Loan Agreement or in the Governmental Lender Notes or for any claim based hereon or otherwise in respect hereof or upon any obligation, covenant, promise, or agreement of the Governmental Lender contained in any agreement, instrument, or certificate executed in connection with the Project or the making of the Funding Loan and issuance of the Governmental Lender Notes, against any member of the governing body of the Governmental Lender, its officers, counsel, financial advisor, employees or agents, as such, in his or her individual capacity, past, present, or future, or of any successor thereto, whether by virtue of any Constitutional provision, statute, or rule of law, or by the enforcement of any assessment or penalty or otherwise; it being expressly agreed and understood that no personal liability whatsoever shall attach to, or

be incurred by, any member of the governing body, officers, counsel, financial advisors, employees or agents, as such, in his or her individual capacity, past, present, or future, of the Governmental Lender or of any successor thereto, either directly or by reason of any of the obligations, covenants, promises, or agreements entered into between the Governmental Lender and the Fiscal Agent, the Funding Lender or the Borrower to be implied therefrom as being supplemental hereto or thereto, and that all personal liability of that character against every such director, officer, counsel, financial advisor, employee or agent, is, by the execution of the Governmental Lender Notes, this Borrower Loan Agreement, and the Funding Loan Agreement, and as a condition of, and as part of the consideration for, the execution of the Governmental Lender Notes, this Borrower Loan Agreement, and the Funding Loan Agreement, expressly waived and released.

Section 11.3. Waiver of Personal Liability. No member, officer, agent or employee of the Governmental Lender or any director, officer, agent or employee of the Governmental Lender shall be individually or personally liable for the payment of any principal (or prepayment price) of or interest on the Governmental Lender Notes or any other sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Borrower Loan Agreement; but nothing herein contained shall relieve any such member, director, officer, agent or employee from the performance of any official duty provided by law or by this Borrower Loan Agreement.

Section 11.4. Limitation on Liability of Funding Lender's Officers, Employees, Etc.

(a) Borrower assumes all risks of the acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender, provided, however, this assumption is not intended to, and shall not, preclude Borrower from pursuing such rights and remedies as it may have against the Governmental Lender, the Fiscal Agent and the Funding Lender at law or under any other agreement. None of Governmental Lender, the Fiscal Agent and the Funding Lender, or the other Beneficiary Parties or their respective officers, directors, employees or agents shall be liable or responsible for (i) any acts or omissions of the Governmental Lender, the Fiscal Agent and the Funding Lender; or (ii) the validity, sufficiency or genuineness of any documents, or endorsements, even if such documents should in fact prove to be in any or all respects invalid, insufficient, fraudulent or forged. In furtherance and not in limitation of the foregoing, the Governmental Lender, the Fiscal Agent and the Funding Lender may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary, unless acceptance in light of such notice or information constitutes gross negligence or willful misconduct on the part of the Governmental Lender, the Fiscal Agent and the Funding Lender.

(b) None of the Governmental Lender, the Fiscal Agent, the Funding Lender, the other Beneficiary Parties or any of their respective officers, directors, employees or agents shall be liable to any contractor, subcontractor, supplier, laborer, architect, engineer or any other party for services performed or materials supplied in connection with the Project. The Governmental Lender, the Fiscal Agent and the Funding Lender shall not be liable for any debts or claims accruing in favor of any such parties against the Borrower or others or against the Project. The Borrower is not and shall not be an agent of the Governmental Lender, the Fiscal Agent and the Funding Lender for any purpose. Neither the Governmental Lender, the Fiscal Agent or the Funding Lender is a joint venture partner with Borrower in any manner whatsoever. Prior to default by Borrower under this Borrower Loan Agreement and the exercise of remedies granted herein, the Governmental Lender, the Fiscal Agent and the Funding Lender shall not be deemed to be in privity of contract with any contractor or provider of services to the Project, nor shall any payment of funds directly to a contractor, subcontractor or provider of services be deemed to create any third party beneficiary status or recognition of same by the Governmental Lender, the Fiscal Agent and the Funding Lender. Approvals granted by the Governmental Lender, the Fiscal Agent and the Funding Lender for any matters covered under this Borrower Loan Agreement shall be narrowly construed to cover only

the parties and facts identified in any written approval or, if not in writing, such approvals shall be solely for the benefit of Borrower.

(c) Any obligation or liability whatsoever of the Governmental Lender, the Fiscal Agent and the Funding Lender that may arise at any time under this Borrower Loan Agreement or any other Borrower Loan Document shall be satisfied, if at all, out of the Funding Lender's assets only. No such obligation or liability shall be personally binding upon, nor shall resort for the enforcement thereof be had to, the Project or any of the Governmental Lender's, the Fiscal Agent's or the Funding Lender's shareholders (if any), directors, officers, employees or agents, regardless of whether such obligation or liability is in the nature of contract, tort or otherwise.

Section 11.5. Delivery of Reports, Etc. The delivery of reports, information and documents to the Governmental Lender, the Fiscal Agent and the Funding Lender as provided herein is for informational purposes only and the Governmental Lender's, the Fiscal Agent's and the Funding Lender's receipt of such shall not constitute constructive knowledge of any information contained therein or determinable from information contained therein. The Governmental Lender, the Fiscal Agent and the Funding Lender shall have no duties or responsibilities except those that are specifically set forth herein, and no other duties or obligations shall be implied in this Borrower Loan Agreement against the Governmental Lender and the Funding Lender.

Section 11.6. Electronic Transactions. The transactions described in this Borrower Loan Agreement may be conducted and the related documents may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law. Notwithstanding the foregoing, original executed versions of each of the Funding Loan Documents shall be delivered to the Funding Lender in connection with the closing of the transactions described herein.

(Signature Pages Follow)

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Borrower Loan Agreement or caused this Borrower Loan Agreement to be duly executed and delivered by its authorized representative as of the date first set forth above.

CAIRN POINT MONTOPOLIS, LP,
a Texas limited partnership

By: TSAHC Cairn Point GP, LLC,
a Texas limited liability company,
its general partner

By: Texas State Affordable Housing Corporation,
a Texas nonprofit corporation,
its sole member

By: _____
David Long, President

GOVERNMENTAL LENDER:

**TEXAS STATE AFFORDABLE HOUSING
CORPORATION**

By: _____
David Long, President

Agreed to and Acknowledged by:

FUNDING LENDER:

CITIBANK, N.A.

By: _____
Name: _____
Title: Authorized Signatory

EXHIBIT A
MODIFICATIONS

NONE

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and 2025A-2

Document No. 4:
Asset Oversight, Compliance and Security Agreement

**RECORDING REQUESTED BY AND
WHEN RECORDED, RETURN TO:**

**Norton Rose Fulbright US LLP
2200 Ross Avenue Suite 3600
Dallas, Texas, 75201
Attention: Paul A. Braden**

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

ASSET OVERSIGHT, COMPLIANCE AND SECURITY AGREEMENT

between

TEXAS STATE AFFORDABLE HOUSING CORPORATION

and

CAIRN POINT MONTOPOLIS, LP

relating to

**[\$ _____]
Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and Series 2025A-2**

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THIS ASSET OVERSIGHT, COMPLIANCE AND SECURITY AGREEMENT (as amended, modified, or supplemented from time to time, this “Agreement”) is dated as of January 1, 2025 (the “Effective Date”) by and between **CAIRN POINT MONTOPOLIS, LP**, a Texas limited partnership (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 the Notes.** The Borrower plans to acquire, construct and equip a multifamily apartment housing facility containing 150 units located in Austin, Texas, Travis County, Texas all as more particularly described in Appendix A attached hereto (the “Property”) in connection with the issuance and sale of the Corporation’s Multifamily Housing Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2 in the original aggregate principal amount of [\$ _____] (the “Series 2025A-1 and Series 2025A-2 Notes”) (the “Notes”), issued pursuant to a Funding Loan Agreement (the “Funding Loan Agreement”), among Citibank, N.A. (the “Funding Lender”), the Corporation and Regions Bank, a national banking association, as fiscal agent (together with any successor fiscal agent thereunder, the “Fiscal Agent”). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Funding Loan Agreement, the Borrower Loan Agreement by and between the Corporation and the Borrower dated as of January 1, 2025 (the “Borrower Loan Agreement”) or the Regulatory Agreement and Declaration of Restrictive Covenants dated as of January 1, 2025 (the “Regulatory Agreement”) by and among the Corporation, the Fiscal Agent and the Borrower.

Section 2. **Borrower’s Responsibility; Asset Oversight Activities.**

(a) The Borrower acknowledges responsibility for ensuring that the Property is operated in a manner consistent with and in compliance with the Regulatory Agreement, the Funding Loan Agreement, the Borrower Loan Agreement, this Agreement and all applicable legal requirements.

(b) The Borrower shall be responsible for providing to the Corporation financial, operating, and such other information related to the Property as the Corporation may request. The Borrower shall cause [_____], together with any successor manager of the Property hired by the Borrower (the “Manager”), to cooperate with the Corporation with respect to providing information concerning the multifamily housing facilities comprising the Property as the Corporation may request from time to time.

(c) Each year, at least thirty (30) days prior to the end of Borrower’s fiscal year, Borrower shall submit to the Corporation the annual budget for the Property prepared by the Manager (the “Proposed Budget”). The Corporation shall review the Proposed Budget, may make (in its discretion) recommendations to the Borrower regarding the Proposed Budget (such recommendation to be based upon the Corporation’s opinion as to whether income, expense and capital items are realistic concerning the Property).

(d) As soon as it is available, but in any event not later than one hundred twenty (120) days after the end of each fiscal year of the Borrower, the Borrower shall submit to the Corporation its audited balance sheet as of the end of such year, and the related audited statement of income, audited statement of retained earnings and changes in capital from such year, audited statement of

cash flows for such year, and an audited statement of all contingent liabilities of the Borrower which are not reflected in such financial statements or referred to in the notes thereto, each setting forth in comparative form the figures for the previous fiscal year. All such statements shall be in reasonable detail, prepared in accordance with generally accepted accounting principles, and shall be accompanied by an unqualified auditor's report prepared by independent certified public accountants which states that after conducting an examination necessary to provide such report, such firm has obtained no knowledge of any Default or Event of Default under the Borrower Loan Agreement, the Regulatory Agreement or this Agreement, or, if such accountants shall have obtained knowledge of any such then-existing Default or Event of Default they shall disclose in such statement any such Default or Event of Default.

(e) As soon as it is available, but in any event not later than thirty (30) days after the end of each quarter, the Borrower shall submit to the Corporation copies of its unaudited balance sheet at the end of such month, and the related unaudited statement of income, statement of retained earnings and changes in capital, and statement of cash flows for the portion of each Borrower's fiscal year then elapsed, all in reasonable detail and prepared in accordance with generally accepted accounting principles, together with a certification by the principal financial or accounting officer, member or trustee of the Borrower that no Event of Default under the Borrower Loan Agreement, the Regulatory Agreement or this Agreement has occurred and is continuing and the information contained in such financial statements fairly presents the financial position of the Borrower on the date thereof (subject to year-end adjustments) and that, in making the examination necessary to said certification, such Person has obtained no knowledge of any facts to the contrary.

(f) The Corporation shall assess the site, personnel and procedures of the Manager on an annual basis to obtain information concerning the marketing plans, the compliance procedures relating to the Notes and the operation of the multifamily housing facility comprising the Property.

Section 3. **Compliance for Qualified Project Period.** The Corporation and the Borrower hereby recognize and declare their understanding and intent that the Property is 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 and the Corporation's applicable Multifamily Tax Exempt Bond Policy and Request for Proposals for the creation or preservation of multifamily residential rental projects in Texas, until the expiration of the Qualified Project Period, as defined in the Regulatory Agreement, or for so long as any portion of the Notes remains outstanding and unpaid, whichever is later. To that end, the Borrower hereby represents, covenants and agrees to meet all requirements of the Regulatory Agreement and the following requirements:

(i) To comply with the Set-Aside Requirements:

(A) **Set-Aside Requirement.** As set forth in the Regulatory Agreement, during the Qualified Project Period, on a continuous basis, at least forty percent (40%) of the units, initially 60 units, in the Property (excluding units occupied or reserved for a resident manager or security or maintenance personnel that are functionally related and subordinate to the Project Facility and are reasonably required for such Property) (the "Set-Aside") shall be occupied or held vacant and

available for occupancy at all times by Low Income Tenants earning no more than sixty percent (60%) of the applicable area median income. For the purposes of this subparagraph (i), a vacant unit that was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, at which time the character of such unit shall be re-determined.

(B) Additional Income and Rent Requirements: At least fifteen percent (15%) of the units in the Property will be restricted to occupancy by persons or families earning no more than thirty percent (30%) of the area median income.

(C) General Rent Restriction Requirement. The Corporation places restrictions on the rents charged on the units leased pursuant to paragraph (A) above. The maximum rent that may be charged for any such unit may not exceed 30% of the applicable median gross income for the county in which the Property is located, as prescribed by HUD, under Section 8 of the United States Housing Act of 1937, as amended (the "Housing Act of 1937"), adjusted for family size, assuming 1½ persons per bedroom and without taking into account any allowance for utilities. Rents may also not exceed 30% of the applicable median gross income for the county in which the Property is located, as calculated using the prescribed method provided by the Corporation (which is currently consistent with the method prescribed by HUD). Notwithstanding anything herein to the contrary, utilization of the Housing Act of 1937 as a framework for rent restrictions and determining median gross income does not by itself make the Corporation subject to HUD's Final Rule on VAWA as defined in this Agreement.

(D) General Occupancy Requirement. The Borrower hereby represents, covenants and agrees that, for the duration of the Qualified Project Period, any and all increases in rents in excess of the greater of (a) 5% or (b) the Consumer Price Index as published by the Bureau of Labor Statistics of the United States Department of Labor, for any of the Low Income Units (as defined in the Regulatory Agreement) in the Property are subject to the prior written approval of the Corporation, which approval shall not be unreasonably withheld. To the extent the Corporation's written approval is required for a rent increase, any written approval of the Corporation shall be given within ten (10) Business Days of the Corporation's receipt of request therefor from the Borrower. If such approval is not received within such time, the Corporation shall be deemed to have consented to the increase in rents.

(ii) To obtain an Income Certification (as defined in the Regulatory Agreement and as attached to the Regulatory Agreement as Exhibit D) 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;

(iii) To obtain from each resident in the Property, for any lease executed after the Effective Date of this Agreement, pertaining to the unit occupied by such resident, a

written certification, acknowledgment and acceptance in such form provided by the Corporation from time to time that (i) such lease is subordinate to the Borrower 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 Borrower 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 and the 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;

(iv) Except as prepared and submitted as part of the monthly Unit Status Report (as referred under paragraph (v) below), commencing in the year 2026, 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 on the first day of the Qualified Project Period, or within such extended time as is permitted under Internal Revenue Service Revenue Procedure 2004-39, and thereafter by the tenth (10th) calendar day after the end of each calendar quarter, or other schedule as determined by the Corporation with written notice to the Borrower, a Continuing Program Compliance Certificate in the form attached as Exhibit C to the Regulatory Agreement or at the request of the Corporation in such other form provided by the Corporation to Borrower from time to time to meet tax-exempt bond requirements;

(v) Commencing in January 2026, to cause to be prepared and submitted to the Corporation (or any duly authorized representative of the Corporation) by electronic submission on or before the tenth (10th) day of each calendar month, the “Unit Status Report,” the “Resident Services Report” and any other reasonably required report required by the Corporation available on the Corporation’s website;

(vi) To the extent legally permissible and upon reasonable advance written notice, to permit any duly authorized representative of the Corporation or the Fiscal Agent 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 the Corporation’s requirements;

(vii) To obtain an Income Certification, together with all supporting documentation, for each Set-Aside Unit annually no earlier than 120 days prior to the anniversary date and no later than the anniversary date of the initial occupancy. Example: If the household moved in on December 1, 2025, the annual Income Certification must be completed between August 3 (120 days prior to December 1) and December 1 every year thereafter;

(viii) To comply with the following rehabilitation and construction standards

(A) All rehabilitation and replacement or make-ready activities must adhere to the construction, energy efficiency, accessibility and site development standards set by the applicable Corporation's Multifamily Tax Exempt Bond Policy and Request for Proposals. Specifically, any rehabilitation or construction activities detailed in the Borrower's application and supporting documents must include the use of Energy Star rated appliances (*e.g.* refrigerators, dishwashers, lighting, ceiling fans) and mechanical systems (*e.g.* water heaters, HVAC systems, ventilation, etc.) being replaced, rehabilitated or installed by the Borrower; and

(B) All rehabilitation and/or construction activities must adhere to the Federal Fair Housing Accessibility Standards, Title II & III of the Americans with Disabilities Act, Section 504 Accessibility Standards, and Section 2306.514 of the Texas Government Code. The Borrower must submit an affidavit or affidavits certifying its adherence to the requirements of Section 504 (Accessibility Standards) and Section 2306.514 of the Texas Government Code prior to the commencement of any rehabilitation or construction activities; and

(ix) To comply with HUD's Final Rule on VAWA as follows: to the extent that Borrower is receiving or will receive any assistance for tenant-based or project-based rental assistance programs under the Housing Act of 1937 or is considered providing any other "covered housing program" within the meaning of HUD's final rule implementing the Violence Against Women Reauthorization Act of 2013 ("HUD's Final Rule on VAWA"), Borrower represents, warrants and covenants until the end of the Qualified Project Period that Borrower is and will continuously be in compliance with the requirements of HUD's Final Rule on VAWA.

Section 4. **Resident Services Requirement.** The Borrower shall 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 (in the form available on the Corporation's website) on or before March 31, 2026 and annually thereafter during the term of this Agreement. The Borrower shall provide a sustained resident service program that provides at least four (4) resident services each month. The resident services shall be free of charge and available to residents. The Borrower must ensure a dedicated budget for services, free transportation to services if off-site, and preferably on-site staff to direct services. The four (4) services may be taken from the Corporation's Resident Services Program Guidelines made available on the Corporation's website (<https://www.tsahc.org/property-managers/property-manager-downloads>). A current version of such Guidelines is set forth as Appendix B hereto. The Borrower shall also submit a resident services program plan (the "Program Plan") that explains the services to be provided on an annual basis for the Property and which is subject to review and approval by the Corporation. The Borrower shall submit an updated Program Plan on or before December 1st of each year, commencing December 1, 2026. The Program Plan may be amended throughout the year upon written request of the Borrower and the written approval by the Corporation. A line-item budget must accompany the Program Plan and the Borrower shall maintain a dedicated budget for such resident services. To the extent feasible, the budget should include salaries for on-site staff to provide or coordinate resident services, and if services are provided off-site, transportation costs (which transportation costs may not be charged to the residents).

Section 5. **Replacement Reserve Fund.** The Borrower shall conduct a physical needs assessment. At a minimum, such an assessment shall occur during the fifth (5th) year following the Closing Date and once every five years thereafter (the “Physical Needs Assessment”). The Borrower shall submit to the Corporation, within fifteen (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 any replacement reserve fund established to fund capital repairs or maintenance items on the Property (the “Replacement Reserve Fund”) based on the Physical Needs Assessment.

The Borrower shall maintain the Property and make repairs as specified in the Physical Needs Assessments 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) and this Agreement. The Borrower hereby grants the Corporation, upon at least ten (10) business days prior written notice to the Borrower, any and all rights to enter upon the related Property and such right of access thereto as necessary to comply with Section 2306.186(e), (f) and (g) of the Texas Government Code, this Agreement, the Corporation’s Multi-Family 501(c)(3) and Private Activity Bond Program Compliance Policy (as approved in February 2013, and as subsequently amended from time to time by the Corporation) (the “Corporation’s Compliance Policy”) and this Agreement.

If the Corporation determines in its reasonable discretion, that (i) the Property is in violation of Section 2306.186(e), (f) or (g) of the Texas Government Code; or (ii) the Borrower has not completed the repairs/replacements pursuant to the applicable 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 shall cooperate with the Corporation to resolve such violations in a diligent manner and shall involve the Investor Limited Partner to the extent required by the Borrower’s limited partnership agreement executed in connection with the Project (the “Borrower Partnership Agreement”). If such violations are not corrected by or on behalf of the Borrower after sixty (60) days of the receipt of the violation notice by the Borrower from the Corporation, the Corporation shall, upon providing prior written notice of its action to the Borrower, have the right to withdraw (subject to the provisions governing the Replacement Reserve Fund set forth in the Borrower Partnership Agreement) an amount or amounts 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; provided, however, the Investor Limited Partner, at its option, may provide sufficient funds to the Corporation to timely complete the repairs/replacements required by the applicable Physical Needs Assessment under this Section in lieu of a draw on the Replacement Reserve Fund, and such funds shall be accepted and rejected on the same basis as if made or tendered by the Borrower. The Corporation may begin the process of withdrawing funds from the Replacement Reserve Fund ninety (90) days after the initial corrective action period ends.

Notwithstanding anything else to the contrary contained in this Section 5, 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 5.

Section 6. **Management Agreement.** The Borrower agrees to the following, and each of these provisions shall be reflected in the Management Agreement or in a separate written consent executed by the then current Manager:

(a) The Corporation has approved the initial Manager which shall act as manager for the Property, and the Corporation has approved the initial Management Agreement. The Corporation shall have the authority to approve all subsequent managers prior to their installment and the Borrower shall notify the Corporation in writing at least thirty (30) days prior to the installment of a new manager; provided, however, that pending the Corporation's consent to any replacement manager, the Investor Limited Partner may install an affiliate of the Investor Limited Partner as an interim manager on a temporary basis to the extent permitted by the Management Agreement and/or the Borrower Partnership Agreement. The Investor Limited Partner shall provide prior notice of the appointment of any such interim manager to the Corporation. The Corporation shall have the authority to approve all subsequent management agreements, which approval shall not be unreasonably withheld, conditioned or delayed. If the Corporation has not responded within twenty (20) days of receipt by certified mail of a proposed new manager and any proposed new management agreement, the proposed manager and the proposed management agreement shall be deemed approved by the Corporation.

(b) The Corporation shall have the authority (subject to the provisions of the Funding Loan Agreement and the Borrower Loan Agreement related to the Manager and the Management Agreement), with the prior written consent of the Funding Lender which consent shall not be unreasonably withheld, to remove any manager and appoint a new manager or managers (including itself) if:

(i) the Property is not maintained in a manner which complies with Section 2306.186 of the Texas Government Code, as required by Section 2306.269 of the Texas Government Code and is not corrected within ninety (90) days after written notice to the Borrower;

(ii) an Event of Default has occurred and is continuing beyond all applicable notice and cure periods under this Agreement with respect to the Property;

(iii) the Borrower does not follow the reasonable recommendations of the Corporation, or its agent, in accordance with this Agreement, the Regulatory Agreement, the Funding Loan Agreement or the Borrower Loan Agreement, or any other agreement related to the Corporation's Compliance Policy; or

(iv) the Borrower does not correct the findings noted within an Asset Oversight Observation Report and/or Compliance Observation Report within the timeframes set forth in the Corporation's Compliance Policy.

Section 7. **Annual Compliance Audit; Site Visit.**

(a) The Corporation, or a third party compliance monitoring agent selected and retained by the Corporation (the "Independent Consultant"), will conduct an annual audit to verify compliance with one or more of the agreements entered into in accordance with the Corporation's Compliance Policy, including the Regulatory Agreement and the Borrower Loan Agreement, and

any other agreement relating to the Corporation's Compliance Policy. The Borrower shall agree to provide any documentation or information reasonably requested in writing either by the Corporation or the Independent Consultant related to such audit that is reasonably available to the Borrower. The costs related to any annual audit (excluding the costs incurred by the Borrower in providing information to the Corporation or the Independent Consultant) will be paid from the fees and other amounts payable to the Corporation or the Independent Consultant under the related agreements. The Corporation shall provide to the Borrower the Corporation's preferred resident file organization standard to be used for each related property.

(b) After the Closing Date, the Corporation or the Independent Consultant shall make an annual site visit to the Property, with reasonable prior written notice to the Borrower, and prepare an observation report in connection therewith; provided however, such site visits may be temporarily suspended by the Corporation if, in the opinion of the Corporation, a material calamity, crisis, epidemic, pandemic or other disaster poses a threat to the health or well-being of those conducting the site visit. The Borrower shall fully cooperate with the Corporation and with any Independent Consultant retained by the Corporation to perform all or any part of the site visit.

Section 8. **Corporation Report; Borrower's Compliance.** The Corporation shall prepare and deliver to the Borrower during each calendar year a report or such other form as may be required or promulgated by the Corporation. Each report by the Corporation shall be delivered to the Borrower within ninety (90) days after the annual site visit to the Property. It is understood that if the date of the site visit to the Property takes place within the last ninety (90) days of a calendar year, the applicable report may be delivered to the Borrower in the next calendar year (but still within the 90-day timeframe). The Borrower shall, within thirty (30) days (or within one (1) business day in the case of a health or safety violation, unless the Corporation approves a longer period) after the date each report is received by the Borrower, cure any and all deficiencies or problems and provide sufficient evidence to the Corporation that the Borrower has corrected all deficiencies; provided, however, that in the event the Borrower cannot reasonably cure all noted deficiencies within the applicable cure period, the Borrower may (except in the case of a health or safety violation, unless the Corporation approves an additional cure period for such violation) have an additional reasonable period of time to cure the deficiencies if, in the Corporation's judgment, the Borrower has commenced such cure prior to the expiration of the applicable period and the Borrower diligently prosecutes such cure.

Notwithstanding anything herein to the contrary, the Corporation hereby agrees that any timely cure of any default made under this Section tendered by the Investor Limited Partner or the Guarantor shall be deemed to be a cure by the Borrower, and shall be accepted and rejected on the same basis as if made or tendered by the Borrower and the Investor Limited Partner and/or the Guarantor shall be granted the same cure period, if any, granted to the Borrower; provided, however, that the Investor Limited Partner and Guarantor shall not have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 9. **Fees.**

(a) For services to be performed under this Agreement, the Borrower agrees to pay to the Corporation an annual asset oversight and compliance monitoring fee (the "Issuer Compliance Fee") in an amount equal to the greater of (i) \$45.00 per unit, or (ii) \$2,500 for each property

included in the Project to be remitted to the Issuer through the Fiscal Agent. Commencing with the fees payable in March 2027, the Issuer Compliance Fee shall increase by 2% per annum, with a maximum increase of 20% or ten annual increases.

(b) The Borrower shall pay the Issuer Compliance Fee in accordance with the terms of the Borrower Loan Agreement and the Funding Loan Agreement, as follows: the full amount of the Issuer Compliance Fee will be paid on or before the 10th day of March of each year for the then current calendar year (for example, the 2026 Issuer Compliance Fee will be paid in full on or before March 10, 2026). The first year Issuer Compliance Fee for calendar year 2025 will be paid on the Closing Date in an amount equal to \$6,750.

(c) The Corporation will pay the fees of any Independent Consultant hired by the Corporation from the Issuer Compliance Fee. The Borrower shall not be a party to any contract between the Corporation and an Independent Consultant.

(d) “CPI Adjustment” means an increase in the Issuer Compliance Fee 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 9 shall be evidenced by an invoice from the Corporation delivered to the Borrower and the Fiscal Agent setting forth such amounts prior to payment being required by the Fiscal Agent or the Borrower. If the publication of the CPI is discontinued or published less frequently, then the 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, the Corporation may in its discretion adjust the Issuer Compliance Fee, subject to the prior written consent of the Borrower. The Borrower shall respond to any request herein within thirty (30) business days of the Borrower’s receipt of a written request from the Corporation. If the Borrower fails to respond within such time period, the Borrower shall be deemed to have consented to the proposed adjustment to the Issuer Compliance Fee.

Section 10. **Term.** This Agreement and each provision hereof shall become effective as of the Effective Date, 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; provided, however, that the Borrower will be required to execute the Corporation’s Borrower Certificate for End of Qualified Project Period upon such termination (in the form then available on the Corporation’s website).

Notwithstanding anything herein to the contrary, 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 Notes 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 Funding Loan Agreement) 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 its successors in interest.

Section 11. **Covenants To Run With the Land.** The Borrower hereby subjects 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's 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 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 Notes were issued.

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

Section 14. **Default; Enforcement by the Corporation.** If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Agreement, and if such default remains uncured by the Borrower for a period of sixty (60) days after written notice thereof shall have been given by the Corporation to the Borrower, then

the Corporation shall declare an “Event of Default” to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within sixty (60) days, such default shall not constitute an Event of Default hereunder and shall not be declared an Event of Default so long as (i) the Borrower institutes corrective action within said sixty (60) days and diligently pursue such action until the default is corrected and (ii) in the reasonable discretion of the Corporation, the Borrower has the ability to cure said default within an additional sixty (60) days. Notwithstanding anything herein to the contrary, with respect to any conflict regarding enforcement provisions between this Agreement and the Regulatory Agreement for requirements found in both documents, the Regulatory Agreement shall control. On a contemporaneous basis with the written notice provided to the Borrower under this Section 14, the Corporation shall provide a copy of such notice to the Investor Limited Partner and the Majority Owner; provided, however, that providing such notice to such parties shall not constitute a condition precedent to any action that the Corporation is otherwise authorized to take pursuant to the terms of this Agreement or applicable law and the failure to provide such notice is not a default or violation of the terms of this Agreement by the Corporation.

Following the declaration of an Event of Default as set forth 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 its 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 written notice;
- (c) subject to the prior written approval of the Funding Lender, pursuant to Section 5, and subject to the terms of the Borrower Partnership Agreement, withdraw funds from the Replacement Reserve Fund to make repairs/replacements to the Property;
- (d) subject to the prior written approval of the Funding Lender, pursuant to Section 6, remove any Manager or Managers and replace such Manager or Managers with a Manager or Managers reasonably acceptable to the Borrower;
- (e) subject to the prior written approval of the Funding Lender, 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, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any Event of Default by the Borrower hereunder.

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 that a violation of this Agreement has occurred (provided that the failure to provide such notice shall not adversely affect the Corporation's rights under this Agreement).

Notwithstanding anything to the contrary herein, the Corporation hereby agrees that any timely cure of any default made under this Section tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower, and shall be accepted and rejected on the same basis as if made or tendered by the Borrower and the Investor Limited Partner shall be granted the same cure period, if any, granted to the Borrower; provided, however, that the Investor Limited Partner shall not have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 15. **Appointment of Receiver; Corporation in Possession.** As provided in Section 2306.125(b) of the Texas Government Code, 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, with the prior written consent of the Funding Lender which consent shall not be unreasonably withheld, and 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 defined below, 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 such Property.

During an Extraordinary Additional Cure Period, the Corporation agrees to cooperate fully with 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 ninety (90) days from the cure periods provided in Section 14 that begins on the date that the Borrower, Investor Limited Partner and the Majority Owner 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 or the Investor Limited Partner and/or the Majority Owner is 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 one (1) year from the date the Borrower receives notice as described above unless (a) such corrective action has been instituted by or at the direction of the Corporation, or (b) Investor Limited Partner and/or the Majority Owner is diligently pursuing remedies for an Event of Default under the Permanent Deed of Trust and the Documents secured by the Property, then such Extraordinary Additional Cure Period shall continue so long as such corrective action is diligently pursued. The Investor Limited Partner and/or the Majority Owner shall have the right, but not the obligation, to cure a default under this Agreement during the Extraordinary Additional Cure Period.

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 defaulting 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 thirty (30) days of receipt of a written complaint and assessment of penalties provided by the Corporation to the Borrower. If any Penalties remain unpaid for a period of sixty (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 ten (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 ten (10) day period. If the Corporation receives the request for an appearance within such ten (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 thirty (30) days of such determination.

Section 17. **Lien.**

(a) The payments due hereunder (including, but not limited to, the Issuer Compliance Fee, the Penalties and other amounts owed hereunder) shall be a charge on the Property and shall be a continuing lien (“Assessment Lien”) upon the Property, and shall 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). Subject to Section 17(f) hereof, 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 the Fiscal Agent. 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 Paragraph 17(f) hereof, may foreclose the Assessment Lien by judicial proceedings. Any exercise of remedies or the power of sale hereunder shall be as to the Property as to which any default then applies.

(c) The President, Executive Vice President or any Vice President of the Corporation or his or her designee is hereby appointed as a trustee to exercise the Corporation’s power of sale (subject to Section 17(f) hereof). Such trustee will not incur any personal liability hereunder.

(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 Fiscal Agent and the Borrower) 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 Fiscal Agent with copies of any and all notices given to Borrower under this Agreement. The Corporation shall, at the request of the Fiscal Agent, deliver to the Fiscal Agent an accounting of all amounts owed by the Borrower to the Corporation hereunder, on which accounting the Fiscal Agent 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; and (3) third, the remaining balance, if any, shall be paid to the Borrower.

(f) Notwithstanding anything herein to the contrary, the Assessment Lien shall be and remain subordinate to the liens of the Deed of Trust and any deed of trust related to the Notes or the Property that are recorded or assigned on or about the date this Agreement is recorded and the Corporation agrees that (i) during the compliance period related to the federal low income housing tax credits provided for the Property or (ii) so long as any principal, premium, if any, and interest on the Notes 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 Deed 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 (as defined in the Funding Loan Agreement) of the Borrower, the Assessment Lien shall not be extinguished thereby and shall remain as a subordinate lien against the Property.

Section 18. **Consideration.** The Corporation has issued the Notes to provide funds to finance the Property, all for the purpose, among others, of inducing the Borrower to acquire, construct and equip the Property. In consideration of the issuance of the Notes by the Corporation, the Borrower has entered into this Agreement and has agreed to restrict the uses to which this Property can be put on the terms and conditions set forth herein.

Section 19. **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 the 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 and to the Deed of Trust.

Section 20. **Reimbursement of Expenses.** Notwithstanding any prepayment of the Notes and notwithstanding a discharge of the Funding Loan Agreement, 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 21. **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 21. 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 the Corporation:

Texas State Affordable Housing Corporation
Attention: President
6701 Shirley Avenue
Austin, Texas 78752
Fax: (512) 477-3557
Telephone: (512) 477-3568
E-mail: dlong@tsahc.org

With a copy to:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Paul A. Braden
Facsimile: (214) 855-8200
Telephone: (214) 855-8189
Email: paul.braden@nortonrosefulbright.com

If to the Borrower:

CAIRN POINT MONTOPOLIS, LP
c/o Vecino Bond Group
305 W. Commercial Street
Springfield, Missouri 65803
Attention: Rick Manzardo
Phone: (417) 720-1577

With a copy to:

The Banks Law Firm
2929 Allen Parkway, Suite 200
Houston, Texas 77019
Attention: Antoinette M. "Toni" Jackson
Phone: (832) 954-2534

And:

Family Eldercare
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: _____
Phone: (____) _____

And:

Shackelford, McKinley & Norton, LLP
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: John C. Shackelford
Phone: (214) 780-1414

And with a copy to the General Partner:

TSAHC Cairn Point GP, LLC
c/o Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: President
Phone: (512) 477-3553

And with a copy to:

Polsinelli PC
201 E. Las Olas Boulevard, Suite 2250B
Fort Lauderdale, FL, 33301
Attention:
Phone:

And with a copy to:

Coats Rose, P.C.
2700 Via Fortuna, Suite 350, Terrace 2
Austin, Texas 78746
Attention: Sarah Scott
Phone: (512) 684-3841

If to the Investor Limited Partner:

With a copy to:

Cannon Heyman & Weiss, LLP
726 Exchange Street, Suite 500
Buffalo, New York 14210
Attention: Constance C. Giessert, Esq.
Email: cgiessert@chwattys.com

To the Majority Owner:

At the address set forth on the Register
maintained by the Fiscal Agent

Section 22. **Applicable Law.** This Agreement shall be construed and enforced in accordance with the laws of the State of Texas.

Section 23. **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 the Corporation hereunder, may be assigned by the Corporation upon written notice to the Borrower. The 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 the Corporation's prior written consent.

Section 24. **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 25. **Amendment.** This Agreement may be amended only by written agreement of all parties hereto.

Section 26. **Indemnification of the Corporation.** THE BORROWER HEREBY AGREES TO PROTECT, INDEMNIFY AND SAVE THE CORPORATION (AS PRINCIPAL UNDER THIS AGREEMENT, AND AS ISSUER), ANY INDEPENDENT CONSULTANT, AND THEIR 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 THE CORPORATION'S AND/OR ANY INDEMNIFIED PARTY'S PERFORMANCE OF ITS DUTIES HEREUNDER OR ARISING IN ANY MANNER IN CONNECTION WITH ANY PROPERTY OR THE FINANCING OF ANY PROPERTY; PROVIDED, 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 THE CORPORATION OR OTHER INDEMNIFIED PARTY. UPON WRITTEN NOTICE FROM ANY INDEMNIFIED PARTY, THE 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 PARTY; 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 THE

CORPORATION'S COUNSEL WILL INTERFERE WITH THE EFFECTIVE DEFENSE OF ANY ACTION, TO RETAIN ITS OWN COUNSEL AND PROSECUTE THE DEFENSE OF ANY ACTION, IN WHICH EVENT BORROWER SHALL PAY ALL REASONABLE ATTORNEYS FEES AND REASONABLE EXPENSES OF SUCH DEFENSE, AND IN NO EVENT SHALL SUCH DEFENSE BY AN INDEMNIFIED PARTY REDUCE, LIMIT, OR IMPAIR BORROWER'S INDEMNIFICATION OF SUCH INDEMNIFIED PARTY HEREUNDER.

Section 27. **Joinder by Other Parties.** By executing this Agreement, TSAHC Cairn Point GP, LLC, a limited liability company, which is the general partner of the Borrower agrees that is jointly and severally liable for the obligations of the Borrower under this Agreement, including the prompt and timely payment of the Issuer Compliance Fee in accordance with the terms hereof.

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.

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

Corporation:

TEXAS STATE AFFORDABLE HOUSING CORPORATION

By: _____

Name: David Long

Title: President

STATE OF TEXAS §

§

COUNTY OF TRAVIS §

On this the _____ day of _____, 2025, before me, the undersigned Notary Public, personally appeared David Long, who acknowledged to be the President of the Texas State Affordable Housing Corporation and that he, as such officer, being duly authorized to do so, executed the foregoing Asset Oversight, Compliance and Security Agreement for the purposes therein contained by signing his name as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public in and for the State of Texas

(Notary Seal)

Borrower:

CAIRN POINT MONTOPOLIS, LP,
a Texas limited partnership

By: TSAHC Cairn Point GP, LLC,
a Texas limited liability company,
its general partner

By: Texas State Affordable Housing Corporation,
a Texas nonprofit corporation,
its sole member

By: _____
David Long, President

STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

On this the ____ day of _____, 2025, before me, the undersigned Notary Public, personally appeared David Long, who acknowledged to be the President of Texas State Affordable Housing Corporation, the sole member TSAHC Cairn Point GP, LLC, the general partner of Cairn Point Montopolis, LP, and that she, as such officer, being duly authorized to do so, executed the foregoing Asset Oversight, Compliance and Security Agreement for the purposes therein contained by signing her name in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public in and for the State of Texas

(Notary Seal)

APPENDIX A

PROPERTY DESCRIPTION

<u>Property Name</u>	<u>Borrower Name</u>	<u>Address(es)</u>	<u>City</u>	<u>Number of Units</u>
Cairn Point Montopolis Apartments	Cairn Point Montopolis, LP	1013 Montopolis Drive Austin, Texas 78744	Austin	150

LEGAL DESCRIPTION

APPENDIX B

GUIDELINES FOR RESIDENT SERVICES

It is the Texas State Affordable Housing Corporation's goal to support developers in the creation of high quality Resident Service Programs. TSAHC has created basic guidelines and a reporting system to help with this process.

In order to fulfill the Resident Service requirement, at least six resident service activities per quarter must be provided. If the applicant received additional points under the Resident Service scoring criteria, at least four resident service activities per month must be provided. Developers must ensure services are provided onsite or provide free transportation to/from services if offered off site. Below is a non-exhaustive list of resident services owners can choose from as they prepare their Resident Service Program Plan (due annually to TSAHC). Activities that are provided daily, such as after school programs and educational/scholastic tutoring can be counted as two services for the month. Please make sure that services offered promote safe and healthy living, encourage economic self-sufficiency and/or promote homeownership opportunities.

- **Career Services**
 1. Computer Literacy Class
 2. GED Classes
 3. Job Skills/Training
 4. Resume/ Job Search Workshop
 5. Job Fair
 6. College Preparation Class
 7. Military Recruiting

- **Children's Services**
 1. After School Care (2 Services When Provided Daily)
 2. Swimming Lessons
 3. Free On-site Daycare (2 Services When Provided Daily)
 4. Free On-site Tutoring Sessions (2 Services When Provided Daily)
 5. Performing Arts Classes
 6. Holiday Safety Classes
 7. On-Site library
 8. Free Lunch Program (2 Services When Provided Daily)

- **Community Awareness**
 1. Crime Watch Meeting
 2. Self Defense Course
 3. Child Id/Fingerprinting Program
 4. Fire Safety Class
 5. Hurricane Safety Class
 6. Domestic Violence Awareness Workshop
 7. Drug Awareness Workshop
 8. Host Support Groups Such as AA, Anger Management, etc.
 9. Community Gardens
 10. Community Service Activities (i.e. Habitat for Humanity)
 11. Green Living/Environmental Workshop

- **Financial Skills**
 1. Household Budgeting Workshop
 2. Financial Planning/Credit Counseling Workshop
 3. Asset Building Workshop
 4. Tax Preparation Courses
 5. Student Financial Aid Workshop
 6. Personal Insurance Workshop (Medical, Renters, Life, Disability, Car)

- **Medical and Health Services**
 1. Basic First Aid and CPR Class
 2. Caring for the Disabled Class
 3. Health and Screening Services
 4. HIV/AIDS Classes
 5. Vaccinations/ Flu Shots Services
 6. Fitness and Exercise Classes
 7. Diabetes/ Heart Disease Courses
 8. Babysitting Safety Courses
 9. Health and Nutritional Courses
 10. Low Cost Healthy Cooking Courses
 11. Cancer Awareness Workshop/Cancer Screening Services
 12. Free Dental Services

- **Personal Development**
 1. Counseling Services
 2. English as a Second Language Courses
 3. Home Ownership Counseling
 4. Parenting Classes
 5. Anger Management Courses
 6. Family Counseling
 7. Cleaning Supply Safety Class/Housekeeping Education
 8. Book Club
 9. Computer Lab (for educational and job training classes, printing, applying for jobs, etc.)
 10. Free Notary Services

- **Free Transportation Services**
 1. Grocery Store
 2. Library
 3. Medical Visits
 4. Cultural Community Events
 5. Free/Discounted Public Transportation Tickets

Activities that will not be counted towards the resident services requirement include, but are not limited to, children's movie time, patio decorating contests, gambling trips, resident parties, Easter Egg Hunts or other such activities. Properties are welcome to offer these activities, but they will not count towards fulfilling the Resident Services obligation.

APPENDIX C

SCHEDULE OF PENALTIES

(Penalty Amounts and Time Periods Subject to Change)

<u>Compliance Action</u>	<u>Required Action to Regain Compliance</u>	<u>Potential Penalty for Continued Non-compliance and Time Periods</u>
Units leased to households that are not eligible because their income is in excess of the allowable limit; occupied by non-eligible full time students; or noncompliance with senior age restrictions.	Change unit designation to market if the household is not qualified within 30 days of initial notification.	Compliance penalty of \$500 for failure to change unit designation; Compliance penalty of \$500 for repeated violation.
Failure to meet set-aside requirement as stated in the compliance and/or regulatory agreements.	Only qualified households are eligible for move in. No market households should be moved in until the set aside requirement is met.	Compliance penalty of \$500 for each market household moved in during the time the set aside requirement is not being met.
Rents charged exceed allowable limits or improperly calculated utility allowance.	Borrower/manager demonstrates reduction in rent and/or recalculation of utility allowance and refund difference to tenants.	Compliance penalty of the amount of uncorrected overcharge.
Failure to submit reports timely and or failure to execute and record program documents.	The Borrower must provide corrective action within 30 days after receiving a notice of failure to submit reports/documents.	Compliance penalty of \$250 for every 30 days of non-response.
Failure to follow fair housing or federal laws providing access by the general public or failure to comply with Section 8 minimum income to rent standard.	Borrower must enter into a corrective action agreement and amend leasing requirements if appropriate.	Report for possible fair housing violation. Compliance penalty of \$250 per violation.
Failure to maintain adequate documentation or certification for compliance.	Borrower to certify accordingly and provide documentation within 30 days of initial notification.	Compliance penalty of \$100 per 15 day period of failure to provide documentation after corrective action period.
Low income units used on transient basis, unless otherwise approved by the Corporation.	Borrower should execute at least six month lease and provide evidence of such lease. If Borrower is unable to extend lease terms, the unit must take market designation. If the unit is being held vacant and was previously occupied by a qualified household on a transient basis, the unit designation must be changed to Market.	Compliance penalty of up to \$100 per 15 days for failure to provide documented lease.
The property has physical condition violations.	Appropriate repairs must be completed and evidence must be provided. (Health and Safety violations must be completed within	Compliance penalty of \$500 per violation that has not been remedied after the corrective action period has ended.

<u>Compliance Action</u>	<u>Required Action to Regain Compliance</u>	<u>Potential Penalty for Continued Non-compliance and Time Periods</u>
Failure to provide the minimum number of agreed to resident services.	24 hrs, and all other violations must be completed within 30 days.) If the minimum number of resident services is not provided in any quarter the deficit of that quarter must be made up in the following quarter.	Compliance penalty of \$500 per listed service not provided per quarter.
Failure to pay compliance review fees or compliance penalties timely.	Fees due and payable must be submitted 30 days after initial notice.	Begin collection proceedings. Add State maximum interest rate and additional penalty of up to \$250 per 30 day period of nonpayment.
Failure to meet minimum rehabilitation standards.	If discovered during development, the Borrower would be required to make necessary corrections per the specifications in the related Borrower Loan Agreement. If discovered after building, establish an account to fund necessary modifications.	Compliance penalty up to \$500 per 30 day period of non-compliance.
Failure to remove manager or replacement of manager.	Remove manager or replace manager pursuant to Section 6.	Compliance penalty of \$500 per 30 day period of non-compliance.
Failure to correct Findings under the Asset Oversight Observation Report and/or Compliance Observation Report.	Complete corrective actions required in the Asset Oversight Observation Report and/or Compliance Observation Report.	Compliance penalty of \$500 per 30 day period of non-compliance.
Determination of material non-compliance for more than the sum of all cure periods provided in the related compliance agreement.	After notice of violation, corrective action plan developed with bond issuer.	Institution of appointment of receivership and possession by bond issuer proceedings with all costs payable by Borrower.
Failure to notify and gain approval from the Corporation of change in ownership or General Partner	Discuss change of ownership or General Partner with the Corporation to ensure the Corporation is in agreement.	Penalty of \$1,000 per violation.
Determination of a Fair Housing violation.	The property must assess the property and staff to determine if any additional Fair Housing violations exist. If so, staff must be trained immediately. Additionally, the owner must provide documentation to certify that all staff has received Fair Housing training.	Penalty of \$1,000 per violation
Any cause for the Issuer to perform a second physical inspection of the property in any calendar year.	Borrower to allow access to all files and notify residents of possible inspections.	Penalty of the greater of \$15 per door or \$1,000.

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and 2025A-2

Document No. 5:
Regulatory Agreement and Declaration of Restrictive Covenants

**REGULATORY AGREEMENT
AND DECLARATION OF RESTRICTIVE COVENANTS**

By and Among

TEXAS STATE AFFORDABLE HOUSING CORPORATION,
as Governmental Lender,

REGIONS BANK,
as Fiscal Agent,

and

CAIRN POINT MONTOPOLIS, LP,
as Borrower

Dated as of February 1, 2025

Relating to

[\$23,500,000]

Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and Series 2025A-2

After Recording, Please return to:

Robert D. Dransfield
Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201

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**REGULATORY AGREEMENT AND
DECLARATION OF RESTRICTIVE COVENANTS**

THIS REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS (this “Agreement” or this “Regulatory Agreement”) is made and entered into as of February 1, 2025, by and among Texas State Affordable Housing Corporation (the “Governmental Lender”), a public nonprofit corporation organized and existing under the laws of the State of Texas (the “State”), Regions Bank, a banking corporation organized and existing under the laws of the State of Alabama, as Fiscal Agent (the “Fiscal Agent”) under the hereinafter-defined Funding Loan Agreement, and Cairn Point Montopolis, LP, a Texas limited partnership (together with its successors and assigns, the “Borrower”).

WITNESSETH:

RECITALS

WHEREAS, pursuant to Subchapter Y of Chapter 2306, Texas Government Code, as amended (the “Act”), the Governmental Lender is authorized to issue qualified residential rental project bonds or notes and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental projects intended to be occupied by persons and families of low, very low and extremely low income; and

WHEREAS, the Borrower has requested the assistance of the Governmental Lender in financing the acquisition, construction and equipping of a multifamily residential rental housing project described in **Exhibit B** hereto and located on the real property described in **Exhibit A** hereto (collectively, the “Project”), and, as a condition to such financial assistance, the Borrower has agreed to enter into this Regulatory Agreement, setting forth certain restrictions with respect to the Project; and

WHEREAS, the Governmental Lender has determined to assist in the financing of the Project by issuing the Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2 (collectively, the “Governmental Lender Notes”), in the principal amount of \$[23,500,000], and to make a loan to the Borrower of such principal amount (the “Loan”), upon the terms and conditions set forth in the Borrower Loan Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Governmental Lender Notes to be excluded from gross income of the owners thereof for federal income tax purposes under the Internal Revenue Code of 1986, as amended (the “Code”), and the regulations and rulings with respect to the Code, and in order to comply with the Act, the use and operation of the Project must be restricted in certain respects; and

WHEREAS, the Governmental Lender, the Fiscal Agent and the Borrower have determined to enter into this Regulatory Agreement in order to set forth certain terms and conditions relating to the acquisition, construction, equipping and operation of the Project and in order to ensure that the Project will be constructed, used and operated in accordance with the Code and the Act;

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the

receipt and sufficiency of which are hereby acknowledged, the Governmental Lender, the Fiscal Agent and the Borrower hereby agree as follows:

Section 1. Definitions and Interpretation. In addition to terms defined above, the following terms shall have the respective meanings assigned to them in this Section 1 unless the context in which they are used clearly requires otherwise. All capitalized and undefined terms used herein shall have the meanings assigned to them in the Funding Loan Agreement.

“Adjusted Income” means the adjusted income of a person (together with the adjusted income of all persons who intend to reside with such person in one residential unit) calculated pursuant to Section 142(d) of the Code.

“Affiliated Party” means a partner of the Borrower, a person whose relationship with the Borrower would result in a disallowance of losses under Section 267 or 707(b) of the Code or a person who, together with the Borrower, is a member of the same controlled group of corporations (as defined in Section 1563(a) of the Code, except that “more than 50 percent” shall be substituted for “at least 80 percent” each place it appears therein).

“Agreement” or “Regulatory Agreement” means this Regulatory Agreement and Declaration of Restrictive Covenants, as it may be amended from time to time.

“Area” means the Austin-Round Rock, TX MSA area used by the U.S. Department of Housing and Urban Development (“HUD”) to reflect median family incomes applicable to the Project.

“Authorized Borrower Representative” means any person who at the time and from time to time may be designated as such, by written certificate furnished to the Governmental Lender and the Fiscal Agent containing the specimen signature of such person and signed on behalf of the Borrower by the manager of the Borrower, which certificate may designate an alternate or alternates.

“Bond Counsel” means Norton Rose Fulbright US LLP or any other firm of nationally recognized bond counsel, duly admitted to practice law before the highest court of any state and designated by the Governmental Lender as its Bond Counsel for the Governmental Lender Notes.

“Borrower” means Cairn Point Montopolis, LP, a Texas limited partnership, and its successors and assigns.

“Borrower Certificate” means the Borrower’s Tax Letter of Representation, dated as of the Closing Date, delivered to the Governmental Lender by the Borrower.

“Borrower Loan Agreement” means the Borrower Loan Agreement of even date herewith, by and between the Governmental Lender and the Borrower, as it may be amended from time to time.

“Closing Date” or “Note Closing Date” means the date upon which the Governmental Lender Notes are issued and delivered in exchange for the proceeds representing the purchase price of the Governmental Lender Notes paid by the original purchasers thereof.

“Code” means the United States Internal Revenue Code of 1986, as amended.

“Continuing Program Compliance Certificate” means the Continuing Program Compliance Certificate and accompanying Occupancy Summary to be filed by the Borrower with the Fiscal Agent at the times specified in Section 4(e) and (f) of this Regulatory Agreement, such report to be in substantially the form attached hereto as **Exhibit C** or such other form as may be prescribed in accordance with this Agreement and the Borrower Loan Agreement.

“Costs of Issuance” means costs of issuing the Governmental Lender Notes as set forth in the Funding Loan Agreement.

“Determination of Taxability” means (1) the failure of the Borrower to consent, within 45 days after request from the Governmental Lender, to any amendment to the Funding Loan Agreement, the Borrower Loan Agreement or this Agreement which, in the written opinion of Bond Counsel, is necessary to preserve the Tax-Exempt status of interest on the Governmental Lender Notes or (2) either (i) a final judgment or order of a court of competent jurisdiction or a final order, ruling, regulation or decision of the United States Department of the Treasury or the Internal Revenue Service which is binding and unappealable, or (ii) legislation enacted by the United States Congress which, in each case in the opinion of Bond Counsel, will adversely affect the Tax-Exempt status of the interest on the Governmental Lender Notes (other than interest on any Governmental Lender Note for any period during which such Governmental Lender Note is held by a “substantial user” of any facility financed with the proceeds of the Governmental Lender Notes or a “related person,” as such terms are used in Section 147(a) of the Code). With respect to clause (2)(i) above, a judgment or order of a court shall be considered final only if no appeal or action for judicial review has been filed and the time for filing such appeal or action has expired.

“Fiscal Agent” means Regions Bank, a banking corporation organized and existing under the laws of the State of Alabama, or any successor Fiscal Agent serving as such under the Funding Loan Agreement.

“Funding Loan Agreement” means the Funding Loan Agreement of even date herewith, between the Governmental Lender and the Fiscal Agent, relating to the issuance of the Governmental Lender Notes, and any funding loan agreement or indenture supplemental thereto.

“Governmental Lender Notes” means the Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2.

“Ground Lease” means that certain Ground Lease, dated as of February 1, 2025 between Texas State Affordable Housing Corporation, as lessor, and the Borrower, relating to the Project Site.

“Housing Act” means the United States Housing Act of 1937, as amended, or its successor.

“Income Certification” means a Verification of Income in the form attached hereto as **Exhibit D** or in such other form as may from time to time be approved by the Governmental Lender in accordance with the terms of this Regulatory Agreement.

“Inducement Date” means December 19, 2023.

“Loan” means the loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement for the purpose of financing the acquisition, construction and equipping of the Project.

“Low Income Tenant” means a tenant whose Adjusted Income is 60% or less of median gross income, as determined under Section 142(d)(2)(B) of the Code, for the Area, with adjustments for family size. If all the occupants of a unit in the Project are students (as defined under Section 151(c) of the Code), no one of whom is entitled to file a joint return under Section 6013 of the Code, such occupants shall not qualify as Low Income Tenants unless an exception under Section 42(i)(3)(D) of the Code applies. The determination of a tenant’s status as a Low Income Tenant shall be made by the Borrower upon initial occupancy of a unit in the Project by such Low Income Tenant, subject to Rev. Proc. 2004-39, and annually thereafter, on the basis of an Income Certification executed by the tenant.

“Low Income Units” means the units in the Project required to be rented to, or held available for occupancy by, Low Income Tenants pursuant to Section 4(a) hereof.

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

“Noteholder” or “Holder” or “Owner” means, when used with respect to the Governmental Lender Notes, the owner of a Governmental Lender Note then outstanding under the Funding Loan Agreement as shown on the registration books maintained by the Fiscal Agent pursuant to the Funding Loan Agreement.

“Project” means the Project Facilities and the Project Site.

“Project Costs” means, to the extent authorized by the Act, any and all costs incurred by the Borrower with respect to the acquisition, construction and equipping, as the case may be, of the Project, whether paid or incurred prior to or after the date of this Regulatory Agreement, including, without limitation, costs for site preparation, the planning of housing and improvements, the acquisition of a leasehold interest in land (provided that less than 25% of the net proceeds of the Governmental Lender Notes will be used for the acquisition of a leasehold interest in land), the construction of housing and related facilities, and all other work in connection therewith, and all costs of financing, including, without limitation, the cost of consultant, accounting and legal services, other expenses necessary or incident to determining the feasibility of the Project, contractors and Borrower’s overhead and supervisor’s fees and costs directly allocable to the Project, administrative and other expenses necessary or incident to the Project and the financing thereof.

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

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

“Qualified Project Costs” means the Project Costs incurred after the Inducement Date (or which are qualifying preliminary expenditures) which are chargeable to a capital account with respect to the Project for federal income tax and financial accounting purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that, if any portion of the Project is being constructed by the Borrower or an Affiliated Party (whether as a general contractor or a subcontractor), “Qualified Project Costs” shall include only (a) the actual out-of-pocket costs incurred by the Borrower or such Affiliated Party in constructing the Project (or any portion thereof), (b) any reasonable fees for supervisory services actually rendered by the Borrower or such Affiliated Party (but excluding any profit component) and (c) any overhead expenses incurred by the Borrower or such Affiliated Party which are directly attributable to the work performed on the Project and shall not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of Section 1504 of the Code) participating in the construction of the Project or payments received by such Affiliated Party due to early completion of the Project (or any portion thereof). Qualified Project Costs do not include Costs of Issuance.

“Qualified Project Period” means, with respect to the Project, the period beginning on the later of the date on which at least 10% of the units in the Project are occupied or the Closing Date and ending on the latest of (a) the date which is fifteen years after the date that at least 50% of the units in the Project are first occupied, (b) the first date on which no Tax-Exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

“Regulations” means the Income Tax Regulations promulgated or proposed by the Department of the Treasury pursuant to the Code from time to time.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Governmental Lender Notes, that such interest is excluded from gross income of the owners thereof for federal income tax purposes; provided, however, that such interest may constitute an item of tax preference or otherwise be includable directly or indirectly for purposes of calculating other tax liabilities, including any alternative minimum tax or environmental tax, under the Code.

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

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

Section 2. Acquisition, Construction and Equipping of the Project. The Borrower hereby represents as of the date hereof, covenants and agrees as follows:

(a) Within six months from the date hereof, the Borrower will have incurred binding obligations or commitments to third parties for the Project in the amount of at least 5% of the net sales proceeds of the Governmental Lender Notes.

(b) After entering into said contracts, completion of the Project and the allocation of net sales proceeds of the Governmental Lender Notes to expenditures will proceed with due diligence.

(c) The Borrower expects that all of the net sales proceeds of the Governmental Lender Notes will be spent within three years from the date hereof, and that all investment proceeds of the Governmental Lender Notes will be spent within one year from the date of receipt.

(d) The Borrower reasonably expects to complete the acquisition, construction and development of the Project and to expend the full amount of the Loan prior to the date which is three years after the Closing Date.

(e) Less than 25% of the net proceeds of the Governmental Lender Notes will be used (directly or indirectly) for the acquisition of land or an interest therein. None of the proceeds of the Governmental Lender Notes will be used, directly or indirectly, for the acquisition of land or an interest therein, to be used for farming purposes.

(f) The statements made in the various certificates delivered by the Borrower to the Governmental Lender or the Fiscal Agent are true and correct in all material respects.

(g) The Borrower will submit, or cause to be submitted, to the Fiscal Agent, on or before the date of each disbursement on the Loan, a certificate certifying that the full amount of such disbursement will be applied to reimburse the Borrower for the payment of Project Costs and that, after taking into account the proposed disbursement, the aggregate of such disbursements will have been applied to reimburse the Borrower for the payment of Qualified Project Costs in an amount equal to 95% or more of the aggregate disbursements from proceeds of the Governmental Lender Notes.

(h) The Borrower (and any Affiliated Party) will not knowingly take or knowingly omit to take, as is applicable, any action if such action or omission would in any way cause the proceeds from the sale of the Governmental Lender Notes to be applied in a manner contrary to the requirements of the Funding Loan Agreement, the Borrower Loan Agreement or this Regulatory Agreement. The Borrower acknowledges that such requirements have been designed for the purpose of ensuring compliance with the provisions of the Act or the Code.

(i) All of the amounts received by the Governmental Lender from the proceeds of the Governmental Lender Notes and earnings from the investment of such proceeds will be used to pay Project Costs; at least 95% of such amounts will be used to pay or reimburse the Borrower for payment of Qualified Project Costs as certified by the Borrower on requisitions in the form required by the Borrower Loan Agreement; and no more than 2% of such proceeds shall be used to pay issuance costs of the Governmental Lender Notes, within the meaning of Section 147(g) of the Code.

Section 3. Residential Rental Property. The Borrower hereby acknowledges and agrees that the Project is to be owned, managed and operated as a “qualified residential rental project” (within the meaning of Section 142(d) of the Code) for a term equal to the Qualified Project Period. To that end, and for the term of this Regulatory Agreement, the Borrower hereby represents, covenants, warrants and agrees as follows:

(a) The Project will be acquired, constructed and equipped for the purpose of providing multifamily residential rental property, and the Borrower will own a leasehold interest in the Project Site pursuant to the Ground Lease, will own the Project Facilities, and will manage and operate the Project as a project to provide multifamily residential rental property comprising a building or structure or several interrelated buildings or structures, together with any functionally related and subordinate facilities, and no other facilities, in accordance with Section 142(d) of the Code, Section 1.103-8(b) of the Regulations, the Act, and in accordance with such requirements as may be imposed thereby on the Project from time to time.

(b) All of the dwelling units in the Project will be similarly constructed units, and each dwelling unit in the Project will contain complete separate and distinct facilities for living, sleeping, eating, cooking and sanitation for a single person or a family, including a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, refrigerator and sink.

(c) None of the dwelling units in the Project will at any time be utilized on a transient basis or leased or rented for a period of less than six months or will ever be used as a hotel, motel, dormitory, fraternity house, sorority house, rooming house, nursing home, hospital, sanitarium, rest home or trailer court or park.

(d) No part of the Project will at any time be owned by a cooperative housing corporation, nor shall the Borrower take any steps in connection with a conversion to such ownership or uses. The Borrower shall not take any steps in connection with a conversion of the Project to condominium ownership during the Qualified Project Period.

(e) During the Qualified Project Period all of the dwelling units in the Project will be available for rental on a continuous basis to members of the general public, and the Borrower will not give preference to any particular class or group in renting the dwelling units in the Project, except to the extent that dwelling units are required to be leased or rented to Low Income Tenants and except as otherwise permitted in accordance with Internal Revenue Code Section 42(g)(9) and Rev. Proc. 2019-17.

(f) The Project Site consists of a parcel or parcels that are contiguous except for the interposition of a road, street or stream, and all of the Project Facilities comprise a single geographically and functionally integrated project for residential rental property, as evidenced by the ownership, management, accounting and operation of the Project.

(g) No dwelling unit in the Project shall be occupied by the Borrower; provided, however, that, if the Project contains five or more dwelling units, this subsection shall not be construed to prohibit occupancy of not more than one dwelling unit in the Project by one or more resident managers or maintenance personnel, any of whom may be the Borrower.

(h) Low Income Tenants will have equal access to and enjoyment of all common facilities of the Project.

Section 4. Low Income Tenants; Records and Reports. Pursuant to the requirements of the Code, the Governmental Lender and the Borrower hereby represent, warrant and covenant as follows:

(a) At all times during the Qualified Project Period, no less than 40% of the total number of units of the Project shall at all times be rented to and occupied by Low Income Tenants. For the purposes of this paragraph (a), a vacant unit which was most recently occupied by a Low Income Tenant is treated as rented and occupied by a Low Income Tenant until reoccupied, other than for a temporary period of not more than 31 days, at which time the character of such unit shall be redetermined. The Authorized Borrower Representative will certify to the Fiscal Agent in writing the date on which 10% of the units in the Project are first occupied and the first date that at least 50% of the units are first occupied

(b) No tenant qualifying as a Low Income Tenant shall be denied continued occupancy of a unit in the Project because, after admission, such tenant's Adjusted Income increases to exceed the qualifying limit for Low Income Tenants; provided, however, that, should a Low Income Tenant's Adjusted Income, as of the most recent determination thereof, exceed 140% of the then applicable income limit for a Low Income Tenant of the same family size and such Low Income Tenant constitutes a portion of the 40% requirement of paragraph (a) of this Section 4, the next available unit in such Project of comparable or smaller size must be rented to (or held vacant and available for immediate occupancy by) a Low Income Tenant and such new Low Income Tenant will then constitute a portion of the 40% requirement of paragraph (a) of this Section 4; and provided, further, that, until such next available unit is rented to a tenant who is a Low Income Tenant, the former Low Income Tenant who has ceased to qualify as such shall be deemed to continue to be a Low Income Tenant for purposes of the 40% requirement of paragraph (a) of this Section 4.

(c) After the date of this Agreement, the Borrower will obtain, complete and maintain on file Income Certifications from each Low Income Tenant, including (i) an Income Certification dated immediately prior to the initial occupancy of such Low Income Tenant in the Project that occupied the unit after the date of this Agreement and within twelve (12) months of the date of this Agreement for those Low Income Tenants that were occupying units in the Project on the date of this Agreement, and (ii) thereafter, annual Income Certifications which must be obtained on the anniversary of such Low Income Tenant's occupancy of the unit, and in no event less than once in every 12-month period following each Low Income Tenant's occupancy of a unit in the Project. The Borrower will obtain such additional information as may be required in the future in the opinion of Bond Counsel, by Section 142(d) of the Code, as the same may be amended from time to time, or in such other form and manner as may be required by applicable rules, rulings, policies, procedures, Regulations or other official statements now or hereafter promulgated, proposed or made by the Department of the Treasury or the Internal Revenue Service with respect to obligations which are Tax-Exempt under Section 142(d) of the Code. A copy of the most recent Income Certification for Low Income Tenants commencing or continuing occupation of a Low Income Unit (and not previously filed) shall be attached to the Continuing Program Compliance Certificate which is to be filed with the Fiscal Agent as provided in paragraph (e) of this Section 4. The Borrower shall make a diligent and good-faith effort to determine that the income information provided by an applicant in an Income Certification is accurate by taking one or more of the following steps, as a part of the verification process: (1) obtain pay stubs for the most recent six-week period or such other period as required consistent with the requirements of Section 8 of the Housing Act; (2) obtain income tax returns for the most recent two tax years; (3) conduct a consumer credit search; (4) obtain an income verification from the applicant's current employer; (5) obtain an income verification from the Social Security Administration; or (6)

if the applicant is unemployed, does not have income tax returns or is otherwise unable to provide other forms of verification as required above, obtain another form of independent verification as would, in the Borrower's reasonable commercial judgment, be satisfactory and will comply with the terms of this Regulatory Agreement.

(d) The Borrower will maintain complete and accurate records pertaining to the Low Income Units and will permit, at all reasonable times and upon reasonable notice during normal business hours, any duly authorized representative of the Governmental Lender, the Fiscal Agent, the Department of the Treasury or the Internal Revenue Service to enter upon the Project Site to examine and inspect the Project and to inspect the books and records of the Borrower pertaining to the Project, including those records pertaining to the occupancy of the Low Income Units.

(e) Beginning with the first calendar quarter after the first unit in the Project is occupied, the Borrower will prepare and submit to the Governmental Lender and the Fiscal Agent quarterly until the end of the Qualified Project Period, a Continuing Program Compliance Certificate in substantially the form attached hereto as **Exhibit C** executed by the Borrower.

(f) On or before each March 31 during the Qualified Project Period, the Borrower will submit a completed Internal Revenue Service Form 8703 (or such other annual certification required by Section 142 of the Code) to the Secretary of the Treasury, with a copy to the Fiscal Agent and the Governmental Lender.

(g) Each lease or rental agreement pertaining to a Low Income Unit shall contain a provision to the effect that the Borrower has relied on the Income Certification and supporting information supplied by the Low Income Tenant in determining qualification for occupancy of the Low Income Unit and that any material misstatement in such certification (whether or not intentional) may be cause for immediate termination of such lease or rental agreement. Each such lease or rental agreement shall also provide (and shall so disclose to the tenant) that the tenant's income is subject to annual certification in accordance with Section 4(c) hereof.

(h) If any assistance is provided under Section 8 of the Housing Act, the Borrower will notify the Fiscal Agent of the date of the termination thereof.

Section 5. Tax-Exempt Status of the Governmental Lender Notes. The Borrower and the Governmental Lender make the following representations, warranties and agreements for the benefit of the holders of the Governmental Lender Notes from time to time:

(a) The Borrower and the Governmental Lender will not knowingly take or permit, or knowingly omit to take or cause to be taken, as is appropriate, by parties within their or its control any action that would adversely affect the Tax-Exempt nature of the interest on the Governmental Lender Notes, and, if either should become aware that it has taken or permitted, or omitted to take or caused to be taken, any such action, it will take all lawful actions necessary to rescind or correct such actions or omissions promptly upon obtaining knowledge thereof.

(b) The Borrower and the Governmental Lender will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Governmental Lender and the Fiscal Agent to comply fully with all applicable rules, rulings, policies, procedures, Regulations or other official statements promulgated, proposed or made by the Department of the

Treasury or the Internal Revenue Service pertaining to obligations the interest on which is Tax-Exempt under Section 142(d) of the Code.

(c) The Borrower and the Governmental Lender will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Governmental Lender and the Fiscal Agent (upon the request of Bond Counsel), in order to provide that the requirements and restrictions of this Regulatory Agreement will be binding upon the owner of the Project, including, but not limited to, the execution and recordation of this Regulatory Agreement in the real property records of Travis County, Texas.

(d) The Borrower will not enter into any agreements which, in the opinion of Bond Counsel, would result in the payment of principal of or interest on the Governmental Lender Notes being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) The Borrower hereby reaffirms the covenants and agreements made by it in Section 6.10 of the Borrower Loan Agreement, and such covenants and agreements are hereby incorporated herein as covenants of the Borrower by this reference.

(f) The Borrower hereby covenants to include the requirements and restrictions contained in this Regulatory Agreement in any documents transferring any interest in the Project to another person to the end that such transferee has notice of, and is bound by, such restrictions, and to obtain the agreement from any such transferee to abide by all requirements and restrictions of this Regulatory Agreement.

Section 6. Modification of Covenants. The Borrower, the Fiscal Agent and the Governmental Lender hereby agree as follows:

(a) To the extent any amendments to the Act, the Regulations or the Code shall, in the written opinion of Bond Counsel filed with the Governmental Lender and the Fiscal Agent who shall deliver a copy thereof to the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Regulatory Agreement and if such requirements are applicable to the Project and compliance therewith is necessary to maintain the validity of, or the tax-exempt status of interest on the Governmental Lender Notes, this Regulatory Agreement shall be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as shall be necessary to document such automatic amendment hereof.

(b) To the extent that the Act, the Regulations or the Code, or any amendments thereto, shall, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Regulatory Agreement, this Regulatory Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, the Fiscal Agent and the Borrower and approved by the written opinion of Bond Counsel to the effect that such amendment is permitted by the Act and will not affect the Tax-Exempt status of interest on the Governmental Lender Notes.

(c) The Borrower, the Governmental Lender and, if applicable, the Fiscal Agent shall execute, deliver and, if applicable, file of record any and all documents and instruments reasonably necessary to effectuate the intent of this Section 6, and each of the Borrower and the Governmental Lender hereby appoints the Fiscal Agent as its true and lawful attorney-in-fact to execute, deliver and, if applicable, file of record on behalf of the Borrower or

the Governmental Lender, as is applicable, any such document or instrument (in such form as may be approved in writing by Bond Counsel) if either the Borrower or the Governmental Lender defaults in the performance of its obligations under this subsection (c); provided, however, that, unless directed in writing by the Governmental Lender, the Fiscal Agent shall take no action under this subsection (c) without first notifying in writing the Borrower or the Governmental Lender, or both of them, as is applicable, and without first providing the Borrower or the Governmental Lender, or both, as is applicable, an opportunity to comply with the requirements of this Section 6. Nothing in this Section 6(c) shall be construed to allow the Fiscal Agent to execute an amendment to this Regulatory Agreement on behalf of the Governmental Lender.

Section 7. Consideration. The Governmental Lender has issued the Governmental Lender Notes to provide funds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, construct and operate the Project in accordance with this Agreement. In consideration of the issuance of the Governmental Lender Notes by the Governmental Lender, the Borrower has entered into this Regulatory Agreement and has agreed to restrict the uses to which this Project can be put on the terms and conditions set forth herein.

Section 8. Reliance. The Governmental Lender, the Fiscal Agent and the Borrower hereby recognize and agree that the representations and covenants set forth herein may be relied upon by all persons interested in the legality and validity of the Governmental Lender Notes, and in the exclusion from gross income for purposes of federal income taxation of the interest on the Governmental Lender Notes. In performing their duties and obligations hereunder, the Governmental Lender and the Fiscal Agent may rely upon statements and certificates of the Low Income Tenants and upon audits of the books and records of the Borrower pertaining to the Project. In addition, the Governmental Lender and the Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Governmental Lender or the Fiscal Agent hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower exists under this Regulatory Agreement, the Fiscal Agent shall not be required to conduct any investigation into or review of the operations or records of the Borrower and may rely on any written report, notice or certificate delivered to the Fiscal Agent by any person retained to review the Borrower's compliance with this Regulatory Agreement or by the Borrower or the Governmental Lender with respect to the occurrence or absence of a default unless it knows that the report, notice or certificate is erroneous.

Section 9. Project in City of Austin, Travis County, Texas. The Borrower hereby represents that the Project is located entirely within the City of Austin, Travis County, Texas.

Section 10. Sale or Transfer of the Project. The Borrower hereby covenants and agrees not to voluntarily sell, transfer or otherwise dispose of the Project, or any portion thereof (other than for individual tenant use as contemplated hereunder), without obtaining the prior written consent of the Governmental Lender which consent shall not be unreasonably withheld, conditioned or delayed by the Governmental Lender and shall be given by the Governmental Lender if (a) the Borrower shall not be in default hereunder; (b) the purchaser or assignee shall covenant to operate the Project in such a manner as to comply with the provisions of this Regulatory Agreement; (c) the Governmental Lender has received (i) reasonable evidence satisfactory to the Governmental Lender that the Borrower's purchaser or transferee has assumed in writing and in full the Borrower's duties and obligations under this Regulatory Agreement and paid to the Governmental Lender any transfer fee owed to the Governmental Lender in connection therewith, if any, (ii) an opinion of counsel to the transferee that the transferee has duly assumed the obligations of the Borrower under this Regulatory Agreement and that such obligations and

this Regulatory Agreement are binding on the transferee, (iii) an opinion of Bond Counsel that such transfer shall not adversely affect the Tax-Exempt nature of the interest on the Governmental Lender Notes, provided, however, that any fee and expenses of Bond Counsel in connection with rendering such opinion shall be paid by the Borrower or the transferee and (iv) a Continuing Program Compliance Certificate current as of a date no more than 45 days prior to delivery thereof; (d) the Borrower or transferee shall pay all costs of the transfer of title, including, but not limited to, the cost of meeting the conditions specified in this Section 10; and (e) such other conditions are met as the Governmental Lender and the Fiscal Agent may reasonably impose to ensure compliance by the Project with the requirements of this Agreement, which may include the assumption of the Borrower's obligations under the Borrower Loan Agreement. It is hereby expressly stipulated and agreed that any sale, transfer or other disposition of the Project in violation of this Section 10 shall be null, void and without effect, shall cause a reversion of title to the Borrower and shall be ineffective to relieve the Borrower of its obligations under this Regulatory Agreement. Nothing contained in this Section 10 shall affect any provision of any other document or instrument between the Borrower or any other party which requires the Borrower to obtain the consent of such other party as a precondition to sale, transfer or other disposition of the Project. Upon any sale or other transfer which complies with this Agreement, the Borrower shall be fully released from its obligations hereunder to the extent such obligations have been assumed by the transferee of the Project. Any transfer of the Project to any entity, whether or not affiliated with the Borrower, shall be subject to the provisions of this Section 10. Notwithstanding anything herein to the contrary, this Section 10 shall not apply to a foreclosure or deed or assignment in lieu of foreclosure.

The Borrower shall not change or cause to be changed the General Partner of the Borrower (or cause the Borrower to have more than one General Partner) without the prior written consent of (i) the Governmental Lender, which consent will not be unreasonably withheld, conditioned or delayed and (ii) the Investor Limited Partner. Notwithstanding the foregoing, the General Partner of the Borrower may be removed and replaced in accordance with the terms of the Agreement and the Partnership Agreement.

Section 11. Term. This Regulatory 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 11, shall terminate in its entirety at the end of the Qualified Project Period, it being expressly agreed and understood that the provisions hereof are intended to survive the retirement of the Governmental Lender Notes, discharge of the Loan, termination of the Borrower Loan Agreement and defeasance or termination of the Funding Loan Agreement.

The terms of this Regulatory Agreement to the contrary notwithstanding, the requirements set forth herein shall terminate and be of no further force and effect in the event of involuntary noncompliance with the provisions of this Regulatory Agreement caused by fire, seizure, requisition, foreclosure, transfer of title by deed or assignment in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Governmental Lender or the Fiscal Agent from enforcing the provisions hereof, or condemnation or a similar event, but only if, within a reasonable period thereafter, either the Governmental Lender Notes are retired or amounts received as a consequence of such event are used to provide a project which meets the requirements of the Code set forth in Sections 2 through 5 of this Regulatory Agreement. In the event that the requirements set forth herein are terminated in the manner set forth in the immediately preceding sentence and, at any subsequent time during the Qualified Project Period, the Borrower or any related person (within the meaning of Section 1.103-10(e) of the Regulations) obtains an ownership interest in the Project for tax

purposes, such requirements shall be reinstated. The Borrower hereby agrees that, following any foreclosure, transfer of title by deed or assignment in lieu of foreclosure or similar event, neither the Borrower nor any related person as described above will obtain an ownership interest in the Project for tax purposes. The Governmental Lender shall not be required to consent to termination of this Regulatory Agreement for any reason other than those specified above.

This Regulatory Agreement may be terminated upon agreement of the Governmental Lender, the Fiscal Agent (at the direction of the Governmental Lender), and the Borrower upon receipt of an opinion of Bond Counsel to the effect that such termination will not adversely affect the exclusion from gross income of interest on the Governmental Lender Notes for any reason other than those set forth above.

Upon the termination of the terms of this Regulatory Agreement, the parties hereto agree to execute, deliver and record appropriate instruments of release and discharge of the terms hereof; provided, however, that the execution and delivery of such instruments 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 Governmental Lender and the Fiscal Agent, incurred in connection with the termination of this Regulatory Agreement shall be paid by the Borrower and its successors in interest.

Section 12. Covenants To Run With the Land. The Borrower hereby subjects the Project (including the Project Site) to the covenants, reservations and restrictions set forth in this Regulatory Agreement. The Governmental Lender, the Fiscal Agent 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's successors in title to the Project; provided, however, that on the termination of this Agreement said covenants, reservations and restrictions shall expire, as provided in this Agreement. Each and every contract, deed or other instrument hereafter executed covering or conveying the Project or any portion thereof 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 instruments.

No breach of any of the provisions of this Regulatory 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 the Project or any portion thereof.

Section 13. Burden and Benefit. The Governmental Lender, the Fiscal Agent 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 Project is rendered less valuable thereby. The Governmental Lender, the Fiscal Agent and the Borrower hereby further declare their understanding and intent that the benefit of such covenants touch and concern leasehold interest in the land by enhancing and increasing the enjoyment and use of the Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the Governmental Lender Notes were issued.

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

Section 15. Default; Enforcement. If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in this Regulatory Agreement, and if such default remains uncured for a period of 60 days after written notice thereof

shall have been given by the Governmental Lender or the Fiscal Agent to the Borrower, then the Fiscal Agent, acting on its own behalf or on behalf of the Governmental Lender, shall declare an "Event of Default" to have occurred hereunder; provided, however, that, if the default stated in the notice is of such a nature that it cannot be corrected within 60 days, such default shall not constitute an Event of Default hereunder so long as (i) the Borrower institutes corrective action within said 60 days and diligently pursues such action until the default is corrected and (ii) in the opinion of Bond Counsel, the failure to cure said default within 60 days will not adversely affect the Tax-Exempt status of interest on the Governmental Lender Notes.

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

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

(ii) have access to and inspect, examine and make copies of all of the books and records of the Borrower pertaining to the Project; and

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

The Borrower hereby agrees that specific enforcement of the Borrower's agreements contained herein is the only means by which the Governmental Lender may obtain the benefits of such agreements made by the Borrower herein, and the Borrower therefore agrees to the imposition of the remedy of specific performance against it in the case of any default by the Borrower hereunder.

The Governmental Lender and the Fiscal Agent hereby agree that any cure of any default hereunder made or tendered by the Investor Limited Partner or Subordinate Lender or any of their designees shall be deemed to be cured by the Borrower, and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 16. The Fiscal Agent. The Fiscal Agent shall act as specifically provided herein and in the Funding Loan Agreement. The Fiscal Agent shall act as the agent of and on behalf of the Governmental Lender when requested in writing by the Governmental Lender to do so upon being indemnified or otherwise secured to its satisfaction against the costs, expenses and liabilities that might be incurred by it in compliance with such request, and any act required to be performed by the Governmental Lender as herein provided shall be deemed taken if such act is performed by the Fiscal Agent. The Fiscal Agent is entering into this Regulatory Agreement solely in its capacity as Fiscal Agent under the Funding Loan Agreement and not in its individual capacity, and the duties, powers, rights and obligations of the Fiscal Agent in acting (or omitting to act) hereunder shall be subject to the provisions of the Funding Loan Agreement, including, without limitation, the provisions of Article IX thereof, which are incorporated by reference herein. The incorporated provisions of the Funding Loan Agreement are intended to survive the retirement of the Governmental Lender Notes, discharge of the Loan, termination of the Borrower Loan Agreement and defeasance or termination of the Funding Loan Agreement.

Neither the Fiscal Agent nor any of its officers, directors or employees shall be liable for any action taken or omitted to be taken by it or them hereunder or in connection herewith except for its or their own gross negligence, fraud or willful misconduct. No provision of this Regulatory

Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that the payment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

The Fiscal Agent shall examine all documents prepared by the Borrower and furnished to the Fiscal Agent to determine whether such documents conform on their face to the requirements of this Regulatory Agreement. The Fiscal Agent shall notify the Governmental Lender and Borrower in writing if the Fiscal Agent does not receive any document from the Borrower at the time required under this Regulatory Agreement or if such document does not conform on its face to the requirements of this Regulatory Agreement. The Fiscal Agent may conclusively rely on and shall be protected in acting or omitting to act in good faith upon the certificates and other writings, which conform on their face to the requirements of this Regulatory Agreement, as the Fiscal Agent may receive in connection with the administration of its obligations hereunder and has no duty or obligation to make an independent investigation with respect thereto.

Section 17. Recording and Filing. The Borrower shall cause this Regulatory Agreement, and all amendments and supplements hereto and thereto, to be recorded and filed in the real property records of Travis County, Texas. 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 18. Payment of Fees. Notwithstanding any prepayment of the Loan and notwithstanding a discharge of the Funding Loan Agreement, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Governmental Lender and the Fiscal Agent reimbursement for all expenses provided to be paid to the Governmental Lender and the Fiscal Agent by the Borrower pursuant to the Borrower Loan Agreement and reasonable compensation for any services rendered by them hereunder and reimbursement for all expenses reasonably incurred by them in connection therewith.

Section 19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State. The Fiscal Agent's rights, duties, powers and obligations hereunder are governed in their entirety by the terms and provisions of this Agreement and the Funding Loan Agreement.

Section 20. Amendments. Subject to the provisions of Section 6 hereof, this Regulatory Agreement shall be amended only by a written instrument executed by the parties hereto, or their successors in title, and duly recorded in the real property records of Travis County, Texas, and only upon receipt by the Governmental Lender, the Fiscal Agent and the Majority Owner Representative of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Governmental Lender Notes and is not contrary to the provisions of the Act.

Section 21. Notices. Any notice required to be given hereunder shall be made in writing and shall be given by hand, overnight delivery service, email or facsimile transmission, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

THE GOVERNMENTAL LENDER:

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: David Long
Facsimile: (512) 477-3553
E-mail: dlong@tsahc.org

WITH A COPY TO:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Paul A. Braden
Facsimile: (214) 855-8200
Email: paul.braden@nortonrosefulbright.com

and

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Robert D. Dransfield
Facsimile: (214) 855-8200
E-mail: robert.dransfield@nortonrosefulbright.com

FISCAL AGENT:

Regions Bank
1717 McKinney Avenue, 11th Floor
Dallas, Texas 75202
Attention: Shawn Bednasek
E-mail: shawn.bednasek@regions.com

BORROWER:

Cairn Point Montopolis, LP
c/o Vecino Bond Group
305 W. Commercial Street
Springfield, Missouri 65803
Attention: Rick Manzardo
E-mail:

WITH A COPY TO:

Polsinelli PC
201 E. Las Olas Boulevard, Suite 2250B
Fort Lauderdale, FL, 33301
Attention:
E-mail: _____@polsinelli.com

AND:

Family Eldercare
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: ____
E-mail:

AND:

Shackelford, McKinley & Norton, LLP
9201 N. Central Expressway, 4th Floor
Dallas, Texas 75231
Attention: John C. Shackelford
E-mail: jshack@shackelford.law

AND WITH A COPY TO GENERAL PARTNER:

TSAHC Cairn Point GP, LLC
c/o Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: President
E-mail: dlong@tsahc.org

AND:

Coats Rose, P.C.
2700 Via Fortuna, Suite 350, Terrace 2
Austin, Texas 78746
Attention: Sarah Scott
E-mail: sscott@coatsrose.com

TO THE INVESTOR LIMITED PARTNER:

Attention:
E-mail:

WITH A COPY TO:

Attention:

Email:

TO THE FUNDING LENDER:

Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Transaction and Asset Management Group
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438

WITH A COPY TO:

Citibank, N.A.
325 East Hillcrest Drive, Suite 160
Thousand Oaks, California 91360
Attention: Operations Manager/Asset Manager
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438

WITH A COPY TO:

Citibank, N.A.
388 Greenwich Street, Trading 4th Floor
New York, New York 10013
Attention: Account Specialist
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438

AND A COPY OF DEFAULT NOTICES TO:

Citibank, N.A.
388 Greenwich Street, 17th Floor
New York, New York 10013
Attention: General Counsel's Office
Re: Cairn Point Montopolis Apartments
Deal ID No. 50012438

AND:

Sidley Austin LLP
787 Seventh Avenue
New York, New York 10019
Attention: Aviva Yakren, Esq.
E-mail: ayakren@sidley.com

Notice shall be deemed given three business days after the date of mailing. Any Notice required to be given hereunder to the Borrower shall also be given to the Investor Limited Partner and Subordinate Lender.

Section 22. Limitation on Liability. Notwithstanding the foregoing or any other provision or obligation to the contrary contained in this Regulatory Agreement, (i) the liability of the Borrower under this Regulatory Agreement to any person or entity, including, but not limited to, the Fiscal Agent or the Governmental Lender and their successors and assigns, is limited to the Borrower's interest in the Project, the Trust Estate and the amounts held in the funds and accounts created under the Funding Loan Agreement, or any rights of the Borrower under any guarantees relating to the Project, and such persons and entities shall look exclusively thereto, or to such other security as may from time to time be given for the payment of obligations arising out of this Regulatory Agreement or any other agreement securing the obligations of the Borrower under this Regulatory Agreement; and (ii) from and after the date of this Regulatory Agreement, no deficiency or other personal judgment, nor any order or decree of specific performance (other than pertaining to this Regulatory Agreement, any agreement pertaining to the Project or any other agreement securing the Borrower's obligations under this Regulatory Agreement), shall be rendered against the Borrower, the assets of the Borrower (other than the Borrower's interest in the Project, this Regulatory Agreement, amounts held in the funds and accounts created under the Funding Loan Agreement, any rights of the Borrower under the Funding Loan Agreement or any other documents relating to the Governmental Lender Notes or any rights of the Borrower under any guarantees relating to the Project), its partners, members, successors, transferees or assigns and each of its respective officers, directors, employees, partners, agents, heirs and personal representatives, as the case may be, in any action or proceeding arising out of this Regulatory Agreement and the Funding Loan Agreement or any agreement securing the obligations of the Borrower under this Regulatory Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding, except to the extent provided in the Borrower Loan Agreement.

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

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

[Remainder of page intentionally left blank]

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

TEXAS STATE AFFORDABLE HOUSING CORPORATION

President

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

On this the _____ day of December, 2024, before me, the undersigned Notary Public, personally appeared David Long, who acknowledged to be the President of the Texas State Affordable Housing Corporation and that he, as such officer, being duly authorized to do so, executed the foregoing Regulatory Agreement for the purposes therein contained by signing his name as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public of the State of Texas

(Notary Seal)

[Governmental Lender signature page to Regulatory Agreement – Cairn Point Montopolis
- signatures continue on next page]

REGIONS BANK
as Fiscal Agent

[name][title]

ACKNOWLEDGMENT

THE STATE OF ____

§
§
§

COUNTY OF ____

On this the _____ day of _____, 2025, before me, the undersigned Notary Public, personally appeared _____, who acknowledged to be a _____ of Regions Bank and that [she/he], as such officer, being duly authorized to do so, executed the foregoing Regulatory Agreement for the purposes therein contained by signing [her/his] name as such officer.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public of the State of _____

(Notary Seal)

[Fiscal Agent signature page to Regulatory Agreement –Cairn Point Montopolis
– signatures continue on next page]

CAIRN POINT MONTOPOLIS, LP,
a Texas limited partnership

By: TSAHC Cairn Point GP, LLC,
a Texas limited liability company,
its general partner

By: Texas State Affordable Housing Corporation,
a Texas nonprofit corporation,
Its sole member

By: _____
David Long, President

ACKNOWLEDGMENT

THE STATE OF TEXAS §
 §
COUNTY OF TRAVIS §

On this the ____ day of December, 2024, before me, the undersigned Notary Public, personally appeared David Long, who acknowledged to be the President of Texas State Affordable Housing Corporation, the sole member of TSAHC Cairn Point GP, LLC, the general partner of Cairn Point Montopolis, LP, and that he, as such person, being duly authorized to do so, executed the foregoing Regulatory Agreement for the purposes therein contained by signing his name in such capacity.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

Notary Public of the State of Texas

(Notary Seal)

[Borrower signature page to Regulatory Agreement – Cairn Point Montopolis]

EXHIBIT A
LEGAL DESCRIPTION

EXHIBIT B

PROJECT

A multifamily rental residential development to be known as Cairn Point Montopolis Apartments consisting of 150 units to be located at or about 1013 Montopolis Drive, Austin, Texas 78741 in Travis County.

EXHIBIT C

CONTINUING PROGRAM COMPLIANCE CERTIFICATE FOR CAIRN POINT MONTOPOLIS APARTMENTS

TO: Regions Bank
1717 McKinney Avenue, 11th floor
Dallas, Texas 75202
Attention: Corporate Trust Department

Texas State Affordable Housing Corporation
6701 Shirley Avenue
Austin, Texas 78752
Attention: President

Re: \$[23,500,000] Texas State Affordable Housing Corporation Multifamily Mortgage Revenue Notes (Cairn Point Montopolis Apartments) Series 2025A-1 and Series 2025A-2 (collectively, the "Governmental Lender Notes")

Cairn Point Montopolis, LP, a Texas limited partnership (the "Borrower") hereby represents and warrants that:

1. A review of the activities of the Borrower during the period of _____ through _____ and of the Borrower's performance under the Borrower Loan Agreement has been made under the supervision of the undersigned.
2. The Borrower owns the project described in Exhibit B to the Regulatory Agreement (as hereinafter defined), located in the State of Texas (the "Project").
3. The Project was financed, in substantial part, with proceeds of the Governmental Lender Notes.
4. The undersigned and the Borrower have read and are thoroughly familiar with the provisions of (1) the Regulatory Agreement and Declaration of Restrictive Covenants (the "Regulatory Agreement"), dated as of February 1, 2025, among the Borrower, Texas State Affordable Housing Corporation (the "Governmental Lender") and Regions Bank (the "Fiscal Agent"); and (2) the Borrower Loan Agreement, dated as of February 1, 2025, among the Fiscal Agent, the Governmental Lender and the Borrower (the "Borrower Loan Agreement"). The Regulatory Agreement was executed, delivered, and recorded against the Project in connection with the issuance of the Governmental Lender Notes. Hereinafter, unless otherwise expressly provided herein or unless the context requires otherwise, the capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Regulatory Agreement.
5. The Project's Qualified Project Period commenced on _____, 202__ and will end on the latest of (a) the date which is fifteen years after the date that at least 50% of the units of the Project are first occupied, (b) the first date on which no tax-exempt private activity bond (as that phrase is used in Section 142(d)(2) of the Code) issued with respect to the Project is outstanding or (c) the date on which any assistance was provided with respect to the Project under Section 8 of the Housing Act terminates.
6. Commencing on the Closing Date and continuing throughout the remainder of the Qualified Project Period no less than 40% of the total number of completed units

of the Project (150 units upon completion) shall at all times be rented to and occupied by Low Income Tenants.

7. As of the date of this certificate, the following percentages of completed residential units in the Project (i) are occupied by Low Income Tenants or (ii) are currently vacant and being held available for such occupancy and have been so held continuously since the date a Low Income Tenant vacated such unit, as indicated:

Occupied by Low Income Tenants: _____ percent

Held vacant for occupancy continuously since _____ percent
last occupied by Low Income Tenant:

8. At no time since the date of filing of the last Continuing Program Compliance Certificate has less than 40% of the units in the Project been occupied by or, if vacant, been last occupied by Low Income Tenants.
9. To the best knowledge of the undersigned, after due inquiry, all Units were rented or available for rental on a continuous basis during the immediately preceding year to members of the general public, and the Borrower is not now and has not been in default under the terms of the above-referenced Regulatory Agreement and, to the best knowledge of the undersigned, no Determination of Taxability has occurred with respect to the Governmental Lender Notes.
10. (If the Borrower is in default under the terms of the Regulatory Agreement or the Borrower has actual knowledge of a Determination of Taxability with respect to the Governmental Lender Notes, such knowledge should be detailed here:

11. The Borrower has not transferred any interest in the Project since the date of submission of the Continuing Program Compliance Certificate last submitted to the Fiscal Agent and the Governmental Lender with respect to the Project. (If the Borrower has transferred any interest in the Project, such transfer should be detailed here:

Attached is a separate sheet (the "Occupancy Summary") for the Project listing, among other items, the percentage of units which are occupied by Low Income Tenants and which became Low Income Units since the filing of the last Continuing Program Compliance Certificate. The information contained thereon is, to the best knowledge of the Borrower (based upon information supplied by tenants of the Project), true and accurate.

CAIRN POINT MONTOPOLIS, LP,
a Texas limited partnership

By: TSAHC Cairn Point GP, LLC,
a Texas limited liability company,
its general partner

By: Texas State Affordable Housing Corporation,
a Texas nonprofit corporation,
its sole member

By: _____
Name:
Title:

**Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and Series 2025A-2**

OCCUPANCY SUMMARY

AS OF _____

PROJECT NAME: Cairn Point Montopolis Apartments

PROJECT LOCATION: 1013 Montopolis Drive
Austin, Texas 78741
(Travis County)

I.D.#: N/A Page _____ of _____

TOTAL NO. UNITS: 150 REQ'D NO. LOW INCOME UNITS: _____

TOTAL UNITS OCCUPIED: _____ PERCENTAGE: _____%)

TOTAL LOW INCOME OCCUPIED: _____

PREPARED AND SUBMITTED BY:

Phone: _____

Date: _____

Number of Low Income Tenants commencing occupancy this month/quarter: _____

Number of Low Income Tenants whose Adjusted Income exceeded 140% of the applicable income limit for a Low Income Tenant of the same family size this month/quarter: _____

Number of Low Income Tenants terminating occupancy this month/quarter: _____

For Period _____ through _____

EXHIBIT D

**Texas State Affordable Housing Corporation
Multifamily Mortgage Revenue Notes
(Cairn Point Montopolis Apartments)
Series 2025A-1 and Series 2025A-2**

VERIFICATION OF INCOME(With Instructions)
for Cairn Point Montopolis Apartments