

**REGULATORY AGREEMENT  
AND DECLARATION OF RESTRICTIVE COVENANTS**

By and Among

MCKINNEY HOUSING FINANCE CORPORATION,  
as Issuer,

MERCHANTS BANK OF INDIANA,  
as Purchaser of the 2025C Bonds and the 2023B Bonds,

and

PEDCOR INVESTMENTS-2020-CLXXX, L.P.,  
a Texas limited partnership,  
as Borrower

Dated as of May 1, 2025

Relating to

\$2,000,000

McKinney Housing Finance Corporation  
Multifamily Housing Subordinate Revenue Bonds  
(Mill Stream Apartment Homes)  
Series 2025C

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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”) made and entered into as of May 1, 2025, by and among McKinney Housing Finance Corporation (the “Issuer”), a public nonprofit housing finance corporation organized and existing under the laws of the State of Texas (the “State”), Merchants Bank of Indiana, as purchaser of the 2023B Bonds and the 2025C Bonds (the “Purchaser”) and Pedcor Investments-2020-CLXXX, L.P., a Texas limited partnership (together with its successors and assigns, the “Borrower”).

### **WITNESSETH:**

#### **RECITALS**

WHEREAS, pursuant to the Texas Local Government Code, Chapter 394, as amended (the “Act”), the Issuer is authorized to issue qualified residential rental project bonds and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental property units; and

WHEREAS, the Borrower has requested the assistance of the Issuer 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 (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 Issuer previously issued its McKinney Housing Finance Corporation Multifamily Housing Revenue Bonds (Mill Stream Apartment Homes), Series 2023A (the “2023A Bonds”) and its McKinney Housing Finance Corporation Multifamily Housing Subordinate Revenue Bonds (Mill Stream Apartment Homes), Series 2023B (the “2023B Bonds”) on February 17, 2023 to finance a portion of the Project and the Issuer has determined to assist further in the financing of a portion of the Project by issuing McKinney Housing Finance Corporation Multifamily Housing Subordinate Revenue Bonds (Mill Stream Apartment Homes), Series 2025C (the “2025C Bonds, and together with the 2023B Bonds, the “Bonds”), and making a loan to the Borrower of such principal amount (the “Loan”), upon the terms and conditions set forth in the Subordinate Financing Agreement (as hereinafter defined); and

WHEREAS, in order for interest on the Bonds 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 Issuer, the Purchaser 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 Issuer, the Purchaser 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 Subordinate Financing 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 or member 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 Dallas, TX HUD Metro FMR Area used by the U.S. Department of Housing and Urban Development (“HUD”) to reflect median family incomes.

“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 Issuer containing the specimen signature of such person and signed on behalf of the Borrower by the sole member, manager, managing member or general partner (as applicable) 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 Issuer as its Bond Counsel for the Bonds.

“Bondholder” or “Holder” or “Owner” means, when used with respect to the Bonds, the owner of a Bond then outstanding under the Subordinate Financing Agreement.

“Bonds” means collectively, the McKinney Housing Finance Corporation Multifamily Housing Subordinate Revenue Bonds (Mill Stream Apartment Homes), Series 2023B and the McKinney Housing Finance Corporation Multifamily Housing Subordinate Revenue Bonds (Mill Stream Apartment Homes), Series 2025C.

“Borrower” means Pedcor Investments-2020-CLXXX, L.P., 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 Issuer by the Borrower.

“Closing Date” or “Bond Closing Date” means the date upon which the 2025C Bonds are issued and delivered in exchange for the proceeds representing the purchase price of the 2025C Bonds 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 Issuer and the Purchaser 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 Subordinate Financing Agreement.

“Costs of Issuance” means costs of issuing the Bonds as set forth in the Subordinate Financing Agreement.

“Determination of Taxability” means (1) the failure of the Borrower to consent, within 45 days after request from the Issuer, to any amendment to the Subordinate Financing Agreement or this Agreement which, in the written opinion of Bond Counsel, is necessary to preserve the Tax-Exempt status of interest on the Bonds 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 Bonds (other than interest on any Bond for any period during which such Bond is held by a “substantial user” of any facility financed with the proceeds of the Bonds 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.

“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 prescribed in accordance with the terms of this Regulatory Agreement.

“Inducement Date” means December 11, 2020.

“Lender” means Merchants Capital Corp., or its successors and assigns or, if Merchants Capital Corp. loses its status as an FHA approved mortgagee, any other mortgagee approved by FHA and the Issuer, and their respective successors or assigns.

“Loan” means the loan made by the Issuer to the Borrower pursuant to the Subordinate Financing 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. 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 Tenant 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.

“Merchants Bank of Indiana” means Merchants Bank of Indiana, as the initial registered owner of the 2023B Bonds and the 2025C Bonds, together with its successors and assigns as the Purchaser.

“Mortgage Loan Documents” means the documents required in connection with the Senior Mortgage Loan.

“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 land (provided that less than 25% of the net proceeds of the Bonds will be used for the acquisition of land), the removal or demolition of existing structures, 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 acquired and constructed 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.

“Purchaser” means Merchants Bank of Indiana, as the initial purchaser of the 2023B Bonds and the 2025C Bonds, and any successors or assigns thereof.

“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 and subject to Rev. Proc. 2004-39, 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.

“Subordinate Financing Agreement” means the Amended and Restated Subordinate Bond Financing Agreement dated of even date herewith, by and among the Issuer, the Borrower and the Purchaser, as it may be amended from time to time.

“Tax-Exempt” means, with respect to interest on any obligations of a state or local government, including the Bonds, that such interest is excludable 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 Bonds.

(b) After entering into said contracts, completion of the Project and the allocation of net sales proceeds of the Bonds to expenditures will proceed with due diligence.

(c) The Borrower expects that all of the net sales proceeds of the 2025C Bonds will be spent within three years from the date hereof, and that all investment proceeds of the 2025C Bonds 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 2025C Bonds will be used (directly or indirectly) for the acquisition of land or an interest therein. None of the proceeds of the 2025C Bonds 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 Issuer or the Purchaser are true and correct in all material respects.

(g) The Borrower will submit, or cause to be submitted, to the Purchaser, 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 2025C Bonds.

(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 2025C Bonds to be applied in a manner contrary to the requirements of the Subordinate Financing 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 Issuer from the proceeds of the 2025C Bonds 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 Subordinate Financing Agreement; and no more than 2% of such proceeds shall be used to pay issuance costs of the 2025C Bonds, 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 and constructed for the purpose of providing multifamily residential rental property, and the Borrower will own, 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) 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.

(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) Until the last maturity (whether due to the stated maturity, call for redemption or declaration of acceleration) of the 2025C Bonds, the Project shall be a "residential development," as defined in Section 394.003(13) of the Act and not less than 90% of the units within the Project shall be occupied, or vacant and available for occupancy, provided that no unit shall be required to stand vacant awaiting the person who meets the requirements specified in this subsection, by a person whose Adjusted Income, together with the Adjusted Income of all persons who intend to reside with such person in one dwelling unit, did not, for the immediately preceding taxable year, exceed the maximum amount constituting low and moderate income in the City of McKinney, Texas (an "Eligible Tenant"). For purposes of this subsection, the maximum amount constituting low and moderate income in the City of McKinney, Texas shall be one hundred forty percent (140%) of the then current median family income for the Dallas, TX HUD Metro FMR Area as published by HUD, or such greater amounts as may be established from time to time by the Issuer as the maximum amount constituting such low and moderate income. The status of a person's qualification hereunder shall be made at the time of initial occupancy of a dwelling unit and if such person moves from one unit to another unit within the Project, at the time of such relocation.

(i) 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 Issuer 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 Issuer and the Purchaser 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, 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, provided however, that if the Project is completely occupied by Low Income Tenants and any available unit is leased to a Low Income Tenant, such annual Income Certifications shall not be required. 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 Issuer and the Purchaser 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; (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 Issuer, the Department of the Treasury or the Internal Revenue Service 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 Issuer and the Purchaser 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(d) of the Code, to the Secretary of the Treasury, with a copy to the Issuer and the Purchaser.

(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 Issuer and the Purchaser of the date of the termination thereof.

(i) The Borrower will notify the Issuer and the Purchaser forthwith upon (but in any event within five Business Days after) (i) becoming aware of any default under this Agreement and specifying such default and (ii) having actual knowledge of a Determination of Taxability with respect to the 2025C Bonds and specifying such knowledge.

(j) If the Borrower transfers any interest in the Project, the Borrower will notify the Issuer and the Purchaser of such transfer and give the details of such transfer.

Section 5. Tax-Exempt Status of the 2025C Bonds. The Borrower and the Issuer make the following representations, warranties and agreements for the benefit of the holders of the 2025C Bonds from time to time:

(a) The Borrower and the Issuer 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 2025C Bonds, 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 Issuer will take such action or actions as may be necessary, in the written opinion of Bond Counsel filed with the Issuer and the Purchaser 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 Issuer will file of record such documents and take such other steps as are necessary, in the written opinion of Bond Counsel filed with the Issuer and the Purchaser (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 Collin 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 2025C Bonds being “federally guaranteed” within the meaning of Section 149(b) of the Code.

(e) 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 and the Issuer 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 Issuer and the Purchaser 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 2025C Bonds, 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 Issuer 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 Issuer 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 2025C Bonds.

(c) The Borrower and the Issuer shall execute, deliver and, if applicable, file of record any and all documents and instruments reasonably necessary, as determined by Bond Counsel, to effectuate the intent of this Section 6.

Section 7. Consideration. The Issuer has issued the 2025C Bonds to provide funds to make the Loan to finance the Project, all for the purpose, among others, of inducing the Borrower to acquire, develop, construct and operate the Project in accordance with this Agreement. In consideration of the issuance of the 2025C Bonds by the Issuer, 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 Issuer 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 2025C Bonds, and in the exclusion from gross income for purposes of federal income taxation of the interest on the 2025C Bonds. In performing their duties and obligations hereunder, the Issuer and the Purchaser 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 Issuer and the Purchaser 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 Issuer or the Purchaser hereunder in good faith and in conformity with such opinion. In determining whether any default by the Borrower exists under this Regulatory Agreement, the Purchaser 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 Purchaser by any person retained to review the Borrower's compliance with this Regulatory Agreement or by the Borrower or the Issuer with respect to the occurrence or absence of a default unless it knows that the report, notice or certificate is erroneous.

Section 9. Project in the City of McKinney, Texas. The Borrower hereby represents that the Project is located entirely within the City of McKinney, 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 Issuer which consent shall not be unreasonably withheld by the Issuer and shall be given by the Issuer 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 Issuer and the Purchaser shall have received (i) reasonable evidence satisfactory to the Issuer and the Purchaser 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 Issuer a transfer fee of \$1,500, (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 2025C Bonds, 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 Issuer and the Purchaser may reasonably impose to assure compliance by the Project with the requirements of this Agreement, which may include the assumption of the Borrower's obligations under the Subordinate Financing 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 in lieu of foreclosure; and this Section 10 shall

not apply to transfers of the Investor Partner (as defined in the Subordinate Financing Agreement) interests.

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 the Issuer, which consent will not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, the general partner of the Borrower may be removed and replaced by the Investor Partner or any of its affiliates, in accordance with the terms of Borrower's Partnership Agreement, as it may be amended from time to time. The consent of the Issuer or any other Person shall not be required for (i) a transfer of the limited partner interests of the Investor Partner in the Borrower and/or (ii) a transfer of ownership interests in the General Partner or the Investor Partner, in either case, to an Affiliate of the Investor Partner.

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 2025C Bonds, discharge of the Loan and termination of the Subordinate Financing 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 in lieu of foreclosure, change in a federal law or an action of a federal agency after the Closing Date which prevents the Issuer or the Purchaser from enforcing the provisions hereof, or condemnation or a similar event, but only if, within a reasonable period thereafter, either the Bonds 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 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 Issuer 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 Issuer 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 2025C Bonds 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 Issuer, 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 Issuer 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 Issuer 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 Issuer 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 Project by Low Income Tenants, the intended beneficiaries of such covenants, reservations and restrictions, and by furthering the public purposes for which the 2025C Bonds 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 Issuer or the Purchaser to the Borrower, then the Purchaser, acting on its own behalf or on behalf of the Issuer and after being indemnified as provided in the Subordinate Financing Agreement, 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 2025C Bonds. Any such action by the Purchaser shall not result or cause an event of default with respect to the 2023A Bonds nor under the Operative Documents (as defined in the Financing Agreement dated as of February 1, 2023 related to the 2023A Bonds) related thereto.

Following the declaration of an Event of Default hereunder, the Purchaser, subject to being indemnified to its satisfaction with respect to the costs and expenses of any proceeding, or the Issuer 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 (without being required to post a bond or other security), require the Borrower to perform its obligations and covenants hereunder or enjoin any acts or things which may be unlawful or in violation of the rights of the Issuer or the Purchaser 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 Issuer 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 Issuer and the Purchaser hereby agree that any cure of any default hereunder made or tendered by the Investor Partner (as defined in the Subordinate Financing Agreement) or any of its 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 Purchaser. The Purchaser shall act only as specifically provided herein and in the Subordinate Financing Agreement, as applicable. The Purchaser shall act as the agent of and on behalf of the Issuer when requested in writing by the Issuer to do so upon being indemnified or otherwise secured to its or their satisfaction against the costs, expenses and liabilities that might be incurred by it or them in compliance with such request, and any act required to be performed by the Issuer as herein provided shall be deemed taken if such act is performed by the Purchaser. The Purchaser is entering into this Regulatory Agreement solely in its capacity as the Purchaser under the Subordinate Financing Agreement, and not in its individual capacity, and the duties, powers, rights and obligations of the Purchaser in acting (or omitting to act) hereunder shall be subject to the provisions of the Subordinate Financing Agreement, including, without limitation, the provisions of Article IX thereof, which are incorporated by reference herein. The incorporated provisions of the Subordinate Financing Agreement, as applicable, are intended to survive the retirement of the 2025C Bonds, discharge of the Loan, and the defeasance or termination of the Subordinate Financing Agreement.

The Purchaser or any of its or their officers, directors or employees shall be not be liable for any action taken or omitted to be taken by it hereunder or in connection herewith except for its own gross negligence, bad faith, fraud or willful misconduct. No provision of this Regulatory Agreement shall require the Purchaser 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 Purchaser shall review and retain all documents prepared by the Borrower and furnished to the Purchaser pursuant to this Agreement to confirm that such documents conform on their face to the requirements of this Regulatory Agreement. The Purchaser shall notify the Issuer and Borrower in writing if the Purchaser 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 Purchaser 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 to the requirements of this Regulatory Agreement, as the Purchaser may receive in connection with the administration of its obligations hereunder and the Purchaser does not have any 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 Collin County and in such other places as the Issuer or the Purchaser may reasonably request. 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 Subordinate Financing Agreement, throughout the term of this Regulatory Agreement, the Borrower shall continue to pay to the Issuer reimbursement for all expenses provided to be paid to the Issuer by the Borrower pursuant to the Subordinate Financing Agreement and reasonable compensation for any services rendered by it hereunder and reimbursement for all expenses reasonably incurred by it in connection therewith.

Section 19. Governing Law. This Regulatory Agreement shall be governed by the laws of the State. The rights, duties, powers and obligations of the Purchaser hereunder are governed in their entirety by the terms and provisions of this Agreement and the Subordinate Financing 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 Collin County, and only upon receipt by the Issuer of an opinion from Bond Counsel that such amendment will not adversely affect the Tax-Exempt status of interest on the Bonds 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 personal delivery, certified or registered mail, postage prepaid, return receipt requested, at the addresses specified below, or at such other addresses as may be specified in writing by the parties hereto:

THE ISSUER:

McKinney Housing Finance Corporation  
401 E. Virginia St.  
McKinney, Texas 75069  
Attention: Vice President  
Telephone: (972) 547-7519  
Facsimile: (972) 547-2681  
Email: ctodd@mckinneytexas.org

WITH A COPY TO:

Norton Rose Fulbright US LLP  
2200 Ross Avenue, Suite 3600  
Dallas, Texas 75201  
Attention: Robert D. Dransfield  
Facsimile: (214) 855-8200  
Email: robert.dransfield@nortonrosefulbright.com

BORROWER:

Pedcor Investments-2020-CLXXX, L.P.  
c/o Pedcor Investments  
One Pedcor Square  
770 3rd Avenue, S.W.  
Carmel, IN 46032  
Attention: Thomas G. Crowe  
Telephone: (317) 587-0341  
Email: tgcrowe@pedcor.net

WITH A COPY TO:

Pedcor Investments  
One Pedcor Square  
770 3rd Avenue, S.W.  
Carmel, IN 46032  
Attention: Jeremy R. Buchanan, Vice President  
and Senior Legal Counsel  
Telephone: (317) 705-7934  
Email: jeremyb@pedcor.net

AND A COPY TO:

Shackelford, Bowen, McKinley & Norton, LLP  
9201 N. Central Expressway, Fourth Floor  
Dallas, Texas 75231  
Attention: John C. Shackelford  
Telephone: (214) 780-1400  
Email: jshack@shackelford.law

INVESTOR PARTNER

TCC Mill Stream, LLC  
c/o Truist Community Capital, LLC  
303 Peachtree Street, N.E., Suite 2200  
Atlanta, Georgia, 30308  
Mail Code: GA – ATL – 0243

WITH A COPY TO:

Nixon Peabody LLP  
53 State Street  
Boston, MA 02109  
Attention: Nathan Bernard  
Email: nbernard@nixonpeabody.com

TO THE PURCHASER:

Merchants Bank of Indiana  
410 Monon Boulevard, 5<sup>th</sup> Floor  
Carmel, Indiana 46032  
Attention: Philip Daubenmire  
Email: pdaubenmire@merchantsbankofindiana.com

LENDER:

Merchants Capital Corp.  
410 Monon Boulevard, 5<sup>th</sup> Floor  
Carmel, IN 46032  
Attention: Michael R. Dury  
Email: mdury@merchantscapital.com

WITH A COPY TO:

Dinsmore & Shohl, LLP  
One Indiana Square  
211 N. Pennsylvania, Suite 1800  
Indianapolis, IN 46204  
Attention: Michael Valinetz  
Email: michael.valinetz@dinsmore.com

Notice shall be deemed given three business days after the date of mailing.

Section 22. HUD Requirements. The provisions of the HUD Rider attached to this Regulatory Agreement as **Exhibit E** (the "Rider") are incorporated into this Regulatory Agreement by this reference as if fully set forth in this Section. Notwithstanding anything contained herein or in the Rider, in no event shall the provisions of the Rider be construed to contravene state law.

Section 23. 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 Purchaser or the Issuer 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 Subordinate Financing 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 Subordinate Financing Agreement, any rights of the Borrower under the Subordinate Financing Agreement or any other documents relating to the Bonds 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, the Subordinate Financing 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 Subordinate Financing Agreement.

Section 24. 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 25. 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. The exchange of copies of this Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument as to the parties hereto and may be used in lieu of the original instrument for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Issuer, the Purchaser and the Borrower have executed this Regulatory Agreement by duly authorized representatives, all as of the date first above written.

**MCKINNEY HOUSING FINANCE CORPORATION**

\_\_\_\_\_  
Tyler Underwood, President

**ACKNOWLEDGMENT**

THE STATE OF TEXAS                   §  
  §  
COUNTY OF COLLIN                 §

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2025, before me, the undersigned Notary Public, personally appeared Tyler Underwood, who acknowledged to be the President of the McKinney Housing Finance 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)

[signature page to Regulatory Agreement – signatures continue on next page]

**MERCHANTS BANK OF INDIANA,**  
as Purchaser

\_\_\_\_\_  
Philip Daubenmire, Executive Vice President

**ACKNOWLEDGMENT**

THE STATE OF INDIANA                   §  
   §  
COUNTY OF \_\_\_\_\_               §

On this the \_\_\_\_\_ day of \_\_\_\_\_, 2025, before me, the undersigned Notary Public, personally appeared Philip Daubenmire, who acknowledged to be an Executive Vice President of Merchants Bank of Indiana 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 Indiana

(Notary Seal)

[signature page to Regulatory Agreement – signatures continue on next page]



## EXHIBIT A

### LEGAL DESCRIPTION

Being a 12.29 acre tract of land out of the THOMAS J. McDONALD SURVEY, ABSTRACT NUMBER 576, situated in the City of McKinney, Collin County, Texas, being all of a called 12.29 acre tract of land conveyed to Village Capital Corporation by deed of record in Document Number 20211019002126170 of the Official Public Records of Collin County, Texas, being that same 12.29 acre tract of land described in City of McKinney Ordinance No. 2021-06-063 and being more particularly described by metes and bounds as follows:

BEGINNING, at a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set at the South end of a cutback line at the intersection of the North right-of-way line of Wilmeth Road (right-of-way varies) and the East right-of-way line of Community Avenue (right-of-way varies), being the Southeast corner of a called 0.117 acre tract of land conveyed to the City of McKinney by deed of record in Document Number 20151228001610350 of said Official Public Records, also being the Southwest corner of said 12.29 acre tract;

THENCE, along the East right-of-way line of Community Avenue, being the East line of said 0.117 acre tract, and being the common West line of said 12.29 acre tract, the following four (4) courses and distances:

1. N45°01'22"W, a distance of 21.23 feet to a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set;
2. N00°02'14"W, a distance of 308.96 feet to a 5/8 inch iron rod found at the point of curvature of a tangent curve to the left;
3. Along said tangent curve to the left, having a radius of 778.28 feet, a chord bearing of N02°28'46"W, a chord length of 66.32 feet, a delta angle of 04°53'03", an arc length of 66.34 feet to a 5/8 inch iron rod found at the end of said curve;
4. N04°55'18"W, a distance of 112.36 feet to a 5/8 inch iron rod found at the North corner of said 0.117 acre tract;

THENCE, N00°13'57"W, continuing along the East right-of-way line of Community Avenue, being the common West line of said 12.29 acre tract, a distance of 280.32 feet to a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set at the Southwest corner of Lot 2, Block A of McKinney High School North, a subdivision of record in Cabinet, P, Page 659 of the Plat Records of Collin County, Texas, being the Northwest corner of said 12.29 acre tract;

THENCE, S89°30'09"E, leaving the East right-of-way line of Community Avenue, along the South line of said Lot 2, being the common North line of said 12.29 acre tract, a distance of 694.13 feet to a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set for the Northeast corner of said 12.29 acre tract;

THENCE, S00°10'08"E, leaving the South line of said Lot 2, along the East line of said 12.29 acre tract, a distance of 774.83 feet to a 1/2 inch iron rod with green plastic cap stamped "EAGLE SURVEYING" set in the curving North right-of-way line of Wilmeth Road, being the Southeast corner of said 12.29 acre tract;

THENCE, along the North right-of-way line of Wilmeth Road, being the common South line of said 12.29 acre tract, the following two (2) courses and distances:

1. Along a non-tangent curve to the right, having a radius of 22930.00 feet, a chord bearing of S89°44'40"W, a chord length of 21.93 feet, a delta angle of 00°03'17", an arc length of 21.93 feet to a 5/8 inch iron rod found at the end of said curve;
2. S89°51'45"W, a distance of 645.60 feet to the POINT OF BEGINNING and containing an area of 12.29 Acres, or (535,160 Square Feet) of land, more or less.



## **EXHIBIT B**

### **PROJECT**

A multifamily rental residential development to be known as the Mill Stream Apartment Homes consisting of 240 units to be located at 2300 Wilmeth Road, McKinney, Texas 75071 in Collin County.

## EXHIBIT C

### CONTINUING PROGRAM COMPLIANCE CERTIFICATE

TO: Merchants Bank of Indiana  
410 Monon Boulevard, 5<sup>th</sup> Floor  
Carmel, Indiana 46032  
Attention: Philip Daubenmire

McKinney Housing Finance Corporation  
401 E. Virginia Street  
McKinney, Texas 75069  
Attention: President

Re: McKinney Housing Finance Corporation Multifamily Housing Subordinate  
Revenue Bonds (Mill Stream Apartment Homes), Series 2025C (the "Bonds")

Pedcor Investments-2020-CLXXX, L.P., 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 Subordinate Financing 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 Bonds.
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, dated as of February 1, 2023 (the "2023 Regulatory Agreement"), among the Borrower, McKinney Housing Finance Corporation (the "Issuer"), United Fidelity Bank, fsb and Merchants Bank of Indiana; (2) the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of May 1, 2025 (the "2025 Regulatory Agreement"), among the Borrower, the Issuer and Merchants Bank of Indiana and (3) the Financing Agreement, dated as of February 1, 2023, among BOKF, NA, the Issuer, the Borrower, Merchants Capital Corp. and Merchants Bank of Indiana (the "Financing Agreement") and the Amended and Restated Subordinate Financing Agreement, dated as of May 1, 2025, among the Issuer, the Borrower and Merchants Bank of Indiana (the "Subordinate Financing Agreement"). The 2023 Regulatory Agreement and the 2025 Regulatory Agreement (jointly, the "Regulatory Agreement") were executed, delivered, and recorded against the Project in connection with the issuance of the Bonds. 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 \_\_\_\_\_, 20\_\_\_\_, 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 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% (or 96 units) of the total number of completed units of the Project (240 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 in the Project 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 Bonds.
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 Bonds, 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 Purchaser and the Issuer with respect to the Project.

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.

Date: \_\_\_\_\_

PEDCOR INVESTMENTS-2020-CLXXX, L.P.,  
a Texas limited partnership

By: Mill Stream Housing Company, LLC  
its general partner

By: Pedcor Investments, A Limited Liability Company  
its Manager

By: \_\_\_\_\_

Title: \_\_\_\_\_

**McKinney Housing Finance Corporation  
Multifamily Housing Subordinate Revenue Bonds  
(Mill Stream Apartment Homes)  
Series 2025C**

**OCCUPANCY SUMMARY**  
AS OF \_\_\_\_\_

PROJECT NAME: Mill Stream Apartment Homes

PROJECT LOCATION: 2300 Wilmeth Road  
McKinney, Texas 75071 (Collin County)

I.D.#: N/A Page \_\_\_\_\_ of \_\_\_\_\_

TOTAL NO. UNITS: 240 REQ'D NO. LOW INCOME UNITS: 96

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**

**FORM OF VERIFICATION OF INCOME**

**MCKINNEY HOUSING FINANCE CORPORATION  
MULTIFAMILY HOUSING SUBORDINATE REVENUE BONDS  
(MILL STREAM APARTMENT HOMES)  
SERIES 2025C**

**VERIFICATION OF INCOME**

RE: Mill Stream Apartment Homes

Apartment Number: \_\_\_\_\_ Building Number: \_\_\_\_\_ Square footage: \_\_\_\_\_

Number of Bedrooms: \_\_\_\_\_ Initial Monthly Rent: \$ \_\_\_\_\_

I/We, the undersigned, being first duly sworn, state that I/we have read and answered fully and truthfully each of the following questions for all persons who are to occupy the unit in the above apartment development for which application is made, all of whom are listed below:

1. Name of Members of the Household	2. Relationship to Head of Household	3. Age	4. Social Security Number	5. Place of Employment
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____

6. The anticipated income of all the above persons during the 12-month period beginning on the later of the date on which the above persons first occupy the apartment or sign a lease with respect to the apartment, including income described in (a) below, but excluding all income described in (b) below, is \$ \_\_\_\_\_.

(a) The amount set forth above includes all of the following income (unless such income is described in (b) below):

(i) all wages and salaries, overtime pay, commissions, fees, tips and bonuses and other compensation for personal services, before payroll deductions;

(ii) net annual income from the operation of a business or profession or from the rental of real or personal property (without deducting expenditures for business expansion or amortization or capital indebtedness). (An allowance for depreciation of assets used in a business or profession may be deducted, based on straight-line depreciation, as provided in Internal Revenue Service regulations. Include any withdrawal of cash or assets from the operation of a business or profession, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the above persons);

(iii) interest and dividends (include all income from assets as set forth in item 7(b) below and include any withdrawal of cash or assets from an investment, except to the extent the withdrawal is reimbursement of cash or assets invested by the above persons);

(iv) the full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, disability or death benefits and other similar types of periodic receipts, including a lump sum payment for the delayed start of a periodic payment;

(v) payments in lieu of earnings, such as unemployment and disability compensation, workers' compensation and severance pay;

(vi) any welfare assistance: if the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustment by the welfare assistance agency in accordance with the actual cost of shelter and utilities, include as income (a) the amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities, plus (b) the maximum amount that the welfare assistance agency could in fact allow the above persons for shelter and utilities. (If the welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under clause (b) shall be the amount resulting from one application of the percentage);

(vii) periodic and determinable allowances, such as alimony and child support payments and regular contributions and gifts received from persons not residing in the dwelling;

(viii) all regular pay, special pay and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is the head of the household, spouse or other household member whose dependents are residing in the unit; and

(ix) any earned income tax credit to the extent it exceeds income tax liability.

(b) The following income is excluded from the amount set forth above:

(i) Income from employment of children (including foster children) under the age of 18 years;

(ii) Payment received for the care of foster children;

(iii) Lump sum additions to household assets, such as inheritances, insurance payments (including payments under health and accident insurance and workers' compensation), capital gains and settlement for personal or property losses;

(iv) Amounts received by the household that are specifically for, or in reimbursement of, the cost of medical expenses for any household member;

(v) Income of a live-in aide;

(vi) Amounts of education scholarships paid directly to the student or to the educational institution, and amounts paid by the government to a veteran, for use in meeting the costs of tuition, fees, books, equipment, materials, supplies, transportation and miscellaneous personal expenses of the student. Any amount of such scholarship or payment to a veteran not used for the above purposes that is available for subsistence is to be included in income;

(vii) The special pay to a household member serving in the Armed

Forces who is exposed to hostile fire;

(viii) (a) Amounts received under training programs funded by Housing and Urban Development ("HUD");

(b) Amounts received by a disabled person that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency ("PASS");

(c) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(ix) Temporary, nonrecurring or sporadic income (including gifts); or

(x) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the United States Housing Act of 1937.

7. If any of the persons described in column 1 above (or any person whose income or contributions were included in item 6) has any savings, stocks, bonds, equity in real property or other form of capital investment (excluding interests in Indian trust lands, but including the value of any assets disposed of for less than fair market value (including a disposition in trust, but not in a foreclosure or bankruptcy sale) during the previous two years), provide:

(a) the total value of all such assets owned by all such persons:

\$ \_\_\_\_\_; and

(b) the amount of income expected to be derived from such assets in the 12-month period commencing this date: \$ \_\_\_\_\_.

8. (a) Will all of the persons listed in column 1 above be or have they been full-time students during five calendar months of this calendar year at an educational institution (other than a correspondence school) with regular faculty and students?

Yes \_\_\_\_ No \_\_\_\_

(b) (Complete only if the answer to Question 8(a) is "Yes.") Is any such person (other than nonresident aliens) married and eligible to file a joint federal income tax return?

Yes \_\_\_\_ No \_\_\_\_

We acknowledge that all of the above information is relevant to the status under federal income tax law of the interest on bonds issued to finance construction of the apartment building for which application is being made. We consent to the disclosure of such information to the issuer of such bonds, the holders of such bonds and any authorized agent of the Treasury Department or Internal Revenue Service.



Date: \_\_\_\_\_

\_\_\_\_\_  
Head of Household

\_\_\_\_\_  
Spouse

THE STATE OF TEXAS

§  
§  
§

COUNTY OF COLLIN

Subscribed, sworn to and acknowledged before me this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

\_\_\_\_\_  
Notary Public of the State of Texas

(Notary Seal)

NOTE TO PROJECT BORROWER: A vacant unit previously occupied by individuals or a family of low income may be treated as occupied by individuals or a family of low income until reoccupied (other than for a period of 31 consecutive days or less), at which time the character of the unit shall be redetermined.

FOR COMPLETION BY PROJECT BORROWER ONLY:

I. Calculation of eligible income:

(A) Enter amount entered for entire household in 6 above: \$ \_\_\_\_\_

(B) If the amount entered in 7(a) above is greater than \$5,000, enter:

(i) the product of the amount entered in 7(a) above multiplied by the current passbook savings rate as determined by HUD: \$ \_\_\_\_\_

(ii) the amount entered in 7(b) above: \$ \_\_\_\_\_

(iii) line (i) minus line (ii) (if less than \$0, enter \$0): \$ \_\_\_\_\_

(C) TOTAL ELIGIBLE INCOME

(line I(A) plus line I(B)(iii)): \$ \_\_\_\_\_

II. Qualification as individuals or a family of low income:

(A) Is the amount entered in line 1(c) less than 60% of Median Income for the Area\* with adjustments for smaller and larger families?

Yes \_\_\_\_\_ No \_\_\_\_\_

(B) (i) If line II(A) is "No," then the household does not qualify as individuals or a family of low income; skip to item III.

(ii) If line II(A) above is "Yes" and 8(a) above is "No," then the household qualifies as individuals or a family of low income; skip to item III.

(iii) If line II(A) above is "Yes" and 8(b) above is "Yes," then the household qualifies as individuals or a family of low income; skip to item III;

(iv) If neither (ii) nor (iii) is applicable, then the household does not qualify as individuals or a family of low income.

III. (Check one)

The household does not qualify as individuals or a family of low income.

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\* "Median income for the Area" means the area median gross income as determined by the Secretary of the Treasury in a manner consistent with determinations of lower-income families and area median gross income under Section 8 of the United States Housing Act of 1937, including adjustments for family size or, if programs under Section 8 are terminated, area median gross income determined under the method in effect immediately before such termination.

The household qualifies as individuals or a family of low income.

IV. Number of apartment unit assigned:

(enter here and on page 1)

V. Method used to verify applicant's income:

\_\_\_\_\_ Employer income verification

\_\_\_\_\_ Copies of tax returns

\_\_\_\_\_ Other (\_\_\_\_\_)

Date: \_\_\_\_\_

PEDCOR INVESTMENTS-2020-CLXXX, L.P.,  
a Texas limited partnership

By: Mill Stream Housing Company, LLC  
its general partner

By: Pedcor Investments, A Limited Liability Company  
its Manager

By: \_\_\_\_\_  
Authorized Representative

## **EXHIBIT E**

### **HUD RIDER TO REGULATORY AGREEMENT AND DECLARATION OF RESTRICTIVE COVENANTS**

This HUD Rider to Regulatory Agreement and Declaration of Restrictive Covenants is made as of May 1, 2025, by PEDCOR INVESTMENTS-2020-CLXXX, L.P., a Texas limited partnership (the "Borrower"), MCKINNEY HOUSING FINANCE CORPORATION, a non-profit housing finance corporation organized under the laws of the State of Texas (the "Agency"), and MERCHANTS BANK OF INDIANA, as purchaser of the 2023B Bonds and the 2025C Bonds (together with its successors and assigns, the "Purchaser").

WHEREAS, Borrower has obtained financing from Merchants Capital Corp. (the "Lender") for the benefit of the project known as Mill Stream Apartment Homes (the "Project"), which loan is secured by a Multifamily Deed of Trust, Assignment of Leases and Rents and Security Agreement (the "Security Instrument") dated as of February 1, 2023, and recorded in the official public records of the Clerk and Recorder of the County of Collin, Texas ("Records") on February 9, 2023 as Document Number 2023000012156, and is insured by the United States Department of Housing and Urban Development ("HUD");

WHEREAS, Borrower has received tax-exempt bond financing from the Agency, which Agency is requiring certain restrictions be recorded against the Project; and

WHEREAS, HUD requires as a condition of its insuring Lender's financing to the Project, that the lien and covenants of the Restrictive Covenants (as defined herein) be subordinated to the lien, covenants, and enforcement of the Security Instrument; and

WHEREAS, the Agency has agreed to subordinate the Restrictive Covenants to the lien of the Mortgage Loan in accordance with the terms of this Rider.

NOW THEREFORE, in consideration of the foregoing and for other consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

(a) In the event of any conflict between any provision contained elsewhere in the Restrictive Covenants and any provision contained in this Rider, the provision contained in this Rider shall govern and be controlling in all respects as set forth more fully herein.

(b) The following terms shall have the following definitions:

"Code" means the Internal Revenue Code of 1986, as amended.

"HUD" means the United States Department of Housing and Urban Development.

"HUD Regulatory Agreement" means the Regulatory Agreement between Borrower and HUD with respect to the Project, as the same may be supplemented, amended or modified from time to time.

"Lender" means Merchants Capital Corp., its successors and assigns.

"Mortgage Loan" means the mortgage loan made by Lender to the Borrower pursuant to the Mortgage Loan Documents with respect to the Project.

“Mortgage Loan Documents” means the Security Instrument, the HUD Regulatory Agreement and all other documents required by HUD or Lender in connection with the Mortgage Loan.

“National Housing Act” means the National Housing Act, 12 USC § 1701 *et seq.*, as amended.

“Program Obligations” has the meaning set forth in the Security Instrument.

“Residual Receipts” has the meaning specified in the HUD Regulatory Agreement.

“Restrictive Covenants” means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of May 1, 2025, between the Agency, the Borrower and the Purchaser, as such agreement may be amended, modified or supplemented from time to time

“Security Instrument” means the mortgage or deed of trust from Borrower in favor of Lender, as the same may be supplemented, amended or modified.

“Surplus Cash” has the meaning specified in the HUD Regulatory Agreement.

(c) Notwithstanding anything in the Restrictive Covenants to the contrary, the provisions of the Restrictive Covenants are expressly subordinate to (i) the Mortgage Loan Documents, including without limitation, the Security Instrument and (ii) Program Obligations (the Mortgage Loan Documents and Program Obligations are collectively referred to herein as the “HUD Requirements”). Borrower covenants that it will not take or permit any action that would result in a violation of the Code, HUD Requirements or Restrictive Covenants. In the event of any conflict between the provisions of the Restrictive Covenants and the provisions of the HUD Requirements, HUD shall be and remains entitled to enforce the HUD Requirements. Notwithstanding the foregoing, nothing herein limits the Agency’s ability to enforce the terms of the Restrictive Covenants, provided such terms do not conflict with statutory provisions of the National Housing Act or the regulations related thereto. The Borrower represents and warrants that to the best of Borrower’s knowledge the Restrictive Covenants impose no terms or requirements that conflict with the National Housing Act and related regulations.

(d) In the event of foreclosure (or deed in lieu of foreclosure), the Restrictive Covenants (including without limitation, any and all land use covenants and/or restrictions contained herein) shall automatically terminate.

(e) Borrower and the Agency acknowledge that Borrower’s failure to comply with the covenants provided in the Restrictive Covenants does not and shall not serve as a basis for default under the HUD Requirements, unless a default also arises under the HUD Requirements.

(f) Except for the Agency’s reporting requirement, in enforcing the Restrictive Covenants the Agency will not file any claim against the Project, the Mortgage Loan proceeds, any reserve or deposit required by HUD in connection with the Security Instrument or HUD Regulatory Agreement, or the rents or other income from the property other than a claim against:

- (i) Available surplus cash, if the Borrower is a for-profit entity;
- (ii) Available distributions of surplus cash and residual receipts authorized for release by HUD, if the Borrower is a limited distribution entity;

(iii) Available residual receipts authorized by HUD, if the Borrower is a non-profit entity; or

(iv) A HUD-approved collateral assignment of any HAP contract.

(g) For so long as the Mortgage Loan is outstanding, Borrower and Agency shall not further amend the Restrictive Covenants, with the exception of clerical errors or administrative correction of non-substantive matters, without HUD's prior written consent.

(h) Subject to the HUD Regulatory Agreement, the Agency may require the Borrower to indemnify and hold the Agency harmless from all loss, cost, damage and expense arising from any claim or proceeding instituted against Agency relating to the subordination and covenants set forth in the Restrictive Covenants; provided, however, that Borrower's obligation to indemnify and hold the Agency harmless shall be limited to available Surplus Cash and/or residual receipts of the Borrower.

(i) No action shall be taken in accordance with the rights granted herein to preserve the tax exemption of the interest on the notes or bonds, or prohibiting the owner from taking any action that might jeopardize the tax-exemption, except in strict accord with Program Obligations.

The statements and representations contained in this rider and all supporting documentation thereto are true, accurate, and complete. This certification has been made, presented, and delivered for the purpose of influencing an official action of HUD in insuring a multifamily loan, and may be relied upon by HUD as a true statement of the facts contained therein.

Warning: Federal law provides that anyone who knowingly or willfully submits (or causes to submit) a document containing any false, fictitious, misleading, or fraudulent statement/certification or entry may be criminally prosecuted and may incur civil administrative liability. Penalties upon conviction can include a fine and imprisonment, as provided pursuant to applicable law, which includes, but is not limited to, 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802, 24 C.F.R. Parts 25, 28 and 30, and 2 C.F.R. Parts 180 and 2424.

SIGNATURE PAGE OF BORROWER TO  
HUD RIDER TO RESTRICTIVE COVENANTS

PEDCOR INVESTMENTS-2020-CLXXX, L.P.,  
a Texas limited partnership

By: Mill Stream Housing Company, LLC,  
its general partner

By: Pedcor Investments, A Limited Liability Company,  
its Manager

By: \_\_\_\_\_  
Thomas G. Crowe, Executive Vice President

STATE OF INDIANA

COUNTY OF \_\_\_\_\_

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this \_\_\_\_\_, 2025, Thomas G. Crowe, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and the free and voluntary act of Thomas G. Crowe for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[seal]

\_\_\_\_\_  
Notary Public, State of Indiana

SIGNATURE PAGE OF AGENCY TO  
HUD RIDER TO RESTRICTIVE COVENANTS

MCKINNEY HOUSING FINANCE CORPORATION

By: \_\_\_\_\_  
Tyler Underwood, President

STATE OF TEXAS

COUNTY OF COLLIN

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this \_\_\_\_\_, 2025, Tyler Underwood, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and the free and voluntary act of Tyler Underwood for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[seal]

\_\_\_\_\_  
Notary Public, State of Texas



SIGNATURE PAGE OF Purchaser TO  
HUD RIDER TO RESTRICTIVE COVENANTS

**MERCHANTS BANK OF INDIANA,**  
as Purchaser

By: \_\_\_\_\_  
Philip Daubenmire, Executive Vice President

STATE OF INDIANA

COUNTY OF \_\_\_\_\_

I, the undersigned, a Notary Public in and for the county and State aforesaid, do hereby certify that on this \_\_\_\_\_, 2025, Philip Daubenmire, personally known to me to be the same person whose name is subscribed to the foregoing instrument, appeared before me this day in person and acknowledged that he signed and delivered the said instrument as his free and voluntary act and the free and voluntary act of Philip Daubenmire for the purposes therein set forth.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year first above written.

[seal]

\_\_\_\_\_  
Notary Public, State of Indiana