
TRUST INDENTURE

By and Between

McKINNEY HOUSING FINANCE CORPORATION

and

UMB BANK, N.A.,
as Trustee

Dated as of August 1, 2026

[\$46,000,000]
McKinney Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Skyway Villas)
Series 2026

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TRUST INDENTURE

THIS TRUST INDENTURE is entered into as of August 1, 2026 (this “*Indenture*”), by and between the MCKINNEY HOUSING FINANCE CORPORATION, a public, nonprofit housing finance corporation of the State of Texas (the “*Issuer*”), and UMB BANK, N.A., a national banking association, duly organized and existing under the laws of the United States, with its designated corporate office located in Dallas, Texas, as trustee (together with any successor trustee thereunder, the “*Trustee*”).

RECITALS

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

B. Pursuant to Chapter 394, Texas Local Government Code, as amended (the “*Act*”), and for the purpose of providing a means of financing the costs of residential ownership and development that will provide decent, safe and sanitary housing for persons of low and moderate income at prices or rentals they can afford, the Issuer is authorized to enter into lease agreements, loan agreements and other financing agreements and to issue its bonds, notes or any other limited obligations payable as provided in the Act and to use the proceeds thereof to provide for the financing of the design, acquisition, equipping, furnishing, installing, improving and other developing of any real or personal property, or any combination thereof, including such design, acquisition, equipping, furnishing, installing improving and otherwise developing of multifamily housing residential rental facilities all for authorized purposes as described in the Act, the Issuer has been duly created and is authorized to carry out the public purpose described in the Act.

C. Pursuant to, and in accordance with the Act, the Issuer has determined to issue and sell its \$[46,000,000] McKinney Housing Finance Corporation Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 (the “*Bonds*”), and use the proceeds thereof to make a loan to Skyway Villas (TX) Owner LP, a Texas limited partnership (the “*Borrower*”), upon the terms and conditions of a promissory note dated the Closing Date from the Borrower to the Issuer in the original principal amount of \$[46,000,000] (the “*Note*”) and the Loan Agreement dated as of the same date as this Indenture between the Issuer and the Borrower (the “*Loan Agreement*”), for the purpose of financing of a portion of the acquisition, rehabilitation and equipping of a multifamily rental housing development of approximately 232 multifamily rental housing units located at 2000 Skyline Drive, McKinney, Texas 75071, known as the Skyway Villas (the “*Project*”).

D. The Borrower has delivered the Note to the Issuer, evidencing the Borrower’s obligation to repay the Loan. The Issuer has made the Loan to the Borrower, subject to the terms and conditions of the Loan Agreement and this Indenture, including the terms and conditions thereof and hereof governing the disbursement of advances and the investment earnings thereon, and the Note has been endorsed by the Issuer to the Trustee. During the Construction Phase of the Project, the Bonds will be cash-collateralized, and no mortgage lien with respect to the Project will secure the Bonds or the Loan.

E. The obligations of the Borrower under the Loan Agreement and the Note will be secured by the Trust Estate established hereunder.

F. Wells Fargo Bank, National Association, a national banking association (the “Lender”) has agreed to provide a mortgage loan (the “Mortgage Loan”) to the Borrower, the proceeds of which shall be advanced pursuant to the Mortgage Loan Documents and used to finance a portion of the costs of the acquisition, rehabilitation and equipping of the Project. The Lender will administer the Mortgage Loan during the Construction Phase in accordance with the Mortgage Loan Documents.

G. The Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise (“Freddie Mac”), has entered into a forward commitment with Wells Fargo Bank, National Association (the “Freddie Mac Seller/Servicer”) dated [____], 2026 (the “Freddie Mac Commitment”), whereby Freddie Mac has committed, subject to the satisfaction on or before the Forward Commitment Maturity Date of the Conditions to Conversion set forth in the Construction Phase Financing Agreement and the Freddie Mac Commitment, to facilitate the financing of the Project in the Permanent Phase.

H. If the Conditions to Conversion are satisfied on or before the Forward Commitment Maturity Date (as may be extended pursuant to the Freddie Mac Commitment and the Construction Phase Financing Agreement), Conversion will occur on the Conversion Date and, on such Conversion Date, (i) the Bonds shall be subject to mandatory tender in accordance with Section 3.01 hereof, (ii) the proceeds of the Freddie Mac Seller/Servicer Purchase Price shall be delivered, at the direction of the Freddie Mac Seller/Servicer, to the Trustee for deposit into the Permanent Loan Purchase Fund, (iii) the purchase price of the Bonds shall be paid with amounts on deposit in the Collateral Fund and in the Permanent Loan Purchase Fund (and other Eligible Funds hereunder), (iv) a portion of the principal amount of the Bonds shall be cancelled such that the principal amount outstanding equals the Actual Project Loan Amount (as determined by Freddie Mac), (v) the Bonds shall be removed from the Book-Entry System and converted into a physical Governmental Note (the “Governmental Note”) (in the form attached to the Funding Loan Agreement) which shall be purchased by the Freddie Mac Seller/Servicer, (vi) the Funding Loan Agreement attached hereto as Appendix C and the Project Loan Agreement attached hereto as Appendix D shall be delivered by the respective parties and become effective and shall supersede this Indenture and the Loan Agreement, respectively, (vii) tax credit equity, along with other funds of the Borrower shall be delivered, at the direction of the Lender, to the Title Company, (viii) the Mortgage Loan shall be paid in part with amounts on deposit in the Collateral Fund (pursuant to Section 4.08(c) hereof) and in part with amounts held by the Title Company, as applicable, and (ix) all security related to the Mortgage Loan shall be released or assigned to the Freddie Mac Seller/Servicer. If the Conditions to Conversion are not satisfied on or before the Forward Commitment Maturity Date, the Loan will not convert from the Construction Phase to the Permanent Phase, and neither the Freddie Mac Seller/Servicer nor Freddie Mac will have any obligation with respect to the purchase of the Governmental Note.

I. With respect to the Construction Phase, the issuance, sale and delivery of the Bonds and the execution and delivery of this Indenture and the Loan Agreement have been in all respects duly and validly authorized in accordance with the Act, and, with respect to the Permanent Phase, the conversion of the Bonds into the Governmental Note and the execution and delivery of the Funding Loan Agreement and the Project Loan Agreement have been in all respects duly and validly authorized in accordance with the Act.

AGREEMENTS

NOW, THEREFORE, in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of any or all of the Bonds issued and sold by the Issuer from time to time under this Indenture by those who shall hold the same from time to time, and of the sum of one dollar, lawful money of the United States of America, duly paid to the Issuer by the Trustee at or before the execution and delivery of these presents, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, in order to secure the payment of the principal of and interest on the Bonds according to their tenor and effect and to secure the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds and the payment and performance of all other of the Issuer's Obligations, the Issuer does hereby grant, bargain, sell, convey, pledge and assign, without recourse, unto the Trustee and unto its successors and assigns in trust forever, and grants to the Trustee and to its successors in trust, a security interest in, the following (such property being herein referred to as the "*Trust Estate*"):

I.

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

II.

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

III.

All moneys (including the Eligible Funds received by the Trustee for deposit into the Collateral Fund, *provided* that Mortgage Loan proceeds become part of the Trust Estate concurrently with the Trustee's corresponding disbursement of Bond proceeds to or at the direction of the Lender in accordance with Section 4.08 hereof) which are at any time or from time to time on deposit in any fund or account created under this Indenture (excluding funds in the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds) and the Rebate Fund);

IV.

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

V.

All funds, moneys and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for

the Bonds by the Issuer or by anyone on its behalf or with its written consent to the Trustee, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

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

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

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all Holders from time to time of the Bonds issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds.

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

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

ARTICLE I

DEFINITIONS AND CONSTRUCTION

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

“Act” means Chapter 394, Texas Local Government Code, as amended and supplemented from time to time.

“Actual Project Loan Amount” has the meaning set forth in the Construction Phase Financing Agreement.

“Affiliate” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “control” when used with respect to any specified Person means the power to direct the policies of such Person, directly or indirectly, whether through the power to appoint and remove its directors, the ownership of voting securities, by contract, or otherwise; and the terms “controlling” and “controlled” have meanings correlative to the foregoing.

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

“Authorized Denomination” means \$5,000, or any integral multiple of \$1,000 in excess thereof.

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

“Bond Counsel” means Norton Rose Fulbright US LLP or other counsel selected by the Issuer and nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from the gross income of holders thereof for federal income tax purposes.

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

“Bond Purchase Agreement” means the Bond Purchase Agreement dated [____], 2026, among the Issuer, the Borrower and Underwriter.

“Bond Service Charges” means, pursuant to the Loan Agreement, payments made by the Borrower to the Issuer in amount sufficient to pay the principal of and interest on the Bonds when due to the extent that amounts otherwise available for such payment are insufficient therefor.

“Bond Year” means each one-year period that ends at the close of business on the day selected by the Borrower. The first and last Bond Years may be short periods. If no day is selected by the Borrower before the earlier of the final maturity of the Bonds or the date that is five years after the Closing Date, Bond Years end on each anniversary of the Closing Date and on the date of final maturity.

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

“*Bonds*” means the Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 of the Issuer issued, authenticated and delivered under this Indenture, which are identified as such in Section 2.01(a) hereof.

“*Book-Entry Form*” or “*Book-Entry System*” means a form or system, as applicable, under which (i) the ownership of beneficial interests in the Bonds may be transferred only through a book entry and (ii) physical bond certificates in fully registered form are registered only in the name of a Securities Depository or its nominee as holder, with the physical bond certificates “immobilized” in the custody of the Securities Depository.

“*Borrower*” means Skyway Villas (TX) Owner LP, a limited partnership organized and existing under the laws of the State of Texas, and its successors and assigns.

“*Borrower Documents*” means the Loan Agreement, the Note, the Borrower's Tax Letter of Representation, the Regulatory Agreement, the Bond Purchase Agreement, the Project Certificate, the Partnership Agreement, the Ground Lease, the Continuing Disclosure Agreement, the Remarketing Agreement and any and all documents, agreements or instruments executed by the Borrower in connection with the Loan evidenced by the Loan Agreement, but excluding the Mortgage Loan Documents.

“*Borrower Representative*” means a person at the time designated and authorized to act on behalf of the Borrower by a written certificate furnished to the Issuer and the Trustee and signed on behalf of the Borrower by one of its officers, which certificate may designate an alternate or alternates. The initial Borrower Representative is [Brad Fisher].

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

“*Borrower's Tax Letter of Representation*” means the Borrower's Tax Letter of Representation executed by Borrower and delivered on the Closing Date.

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

“*Cash Flow Projection*” means a cash flow projection prepared by an independent firm of certified public accountants, a financial advisory firm, a law firm or other independent third party qualified and experienced in the preparation of cash flow projections for structured finance transactions similar to the Bonds, designated by, and provided by or on behalf of, the Borrower and acceptable to the Rating Agency, establishing the sufficiency of (a) the amount on deposit in

the Special Funds, (b) projected Investment Income to accrue on amounts on deposit in the Special Funds during the applicable period, (c) any additional Eligible Funds delivered to the Trustee by or on behalf of the Borrower to pay Bond Service Charges, when due and payable, including, but not limited to, any cash flow projection prepared in connection with (i) the initial issuance and delivery of the Bonds, (ii) a proposed remarketing of the Bonds, as provided in Section 3.03 hereof, (iii) a release of Eligible Funds from the Negative Arbitrage Account as provided in Section 4.02 hereof, (iv) the purchase, sale or exchange of Eligible Investments as provided in Section 6.01 hereof, (v) the optional redemption of the Bonds as provided in Section 3.05 hereof and (vi) the sale or other disposition by the Trustee of Eligible Investments prior to maturity at a price below par, as described in Section 6.01 hereof. The cost and expense of obtaining any Cash Flow Projection shall be the sole responsibility of the Borrower. The Trustee shall be entitled to assume any Cash Flow Projection delivered to it is satisfactory to the Rating Agent and shall not be obligated to seek approval from the Rating Agency of such Cash Flow Projection.

“*Certificate of Occupancy*” means the temporary or final certificate of occupancy, as the case may be, issued by the City of McKinney, Texas for the multifamily units in the Project, or if certificates of occupancy are not required or provided for multifamily units, then evidence of all final inspection approvals needed to occupy the multifamily units.

“*Class B Limited Partner*” means [_____], a _____ limited liability company.

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

“*Closing Memorandum*” means the closing memorandum attached to the initial Requisition delivered on the Closing Date.

“*Code*” means the Internal Revenue Code of 1986, as amended and in force and effect on the date hereof.

“*Collateral Fund*” means the Collateral Fund established pursuant to Section 4.01 hereof.

“*Completion Certificate*” means a certificate submitted by the Borrower Representative to the Issuer and the Trustee as provided in Section 3.05 of the Loan Agreement.

“*Completion Date*” means the date upon which the Completion Certificate and the Certificate of Occupancy are delivered by the Borrower to the Issuer and the Trustee.

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

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

“*Conditions to Conversion*” shall have the meaning set forth for such term in the Construction Phase Financing Agreement.

“*Construction Phase*” means the construction phase of the Loan, which time period shall commence on the Closing Date and remain in effect to, but not including, the Conversion Date.

“*Construction Phase Financing Agreement*” means the Construction Phase Financing Agreement dated as of the Closing Date by and among Freddie Mac, the Lender and the Freddie Mac Seller/Servicer, and acknowledged and agreed to by the Borrower, as the same may be amended, modified or supplemented from time to time.

“*Continuing Disclosure Agreement*” means the Continuing Disclosure Agreement of even date herewith between the Borrower and the Dissemination Agent, as the same may be amended, restated, supplemented or modified from time to time.

“*Conversion*” means the conversion of the Loan from the Construction Phase to the Permanent Phase on the Conversion Date.

“*Conversion Date*” means the date the Freddie Mac Seller/Servicer purchases the Governmental Note upon the satisfaction of the Conditions to Conversion, as such Conversion Date is specified by the Freddie Mac Seller/Servicer in the Notice of Conversion; *provided, however*, the Conversion Date shall occur hereunder no earlier than [_____].

“*Conversion Redemption Amount*” has the meaning provided in Section 3.04(b) hereof.

“*Costs*” with respect to the Project shall be deemed to include all items permitted to be financed under the provisions of the Code and the Act.

“*Costs of Issuance*” means all fees, costs and expenses payable or reimbursable directly or indirectly by the Issuer or the Borrower and related to the authorization, issuance and sale of the Bonds.

“*Costs of Issuance Deposit*” means the deposit set forth in the Closing Memorandum.

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

“*Default*” means any Default under the Loan Agreement as specified in and defined by Section 7.01 thereof.

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

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

“*Dissemination Agent*” means, initially UMB Bank, N.A., or any dissemination agent subsequently appointed in accordance with the Continuing Disclosure Agreement.

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

“*Electronic Means*” means facsimile transmission, email transmission or other similar electronic means of communication providing evidence of transmission.

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

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

(b) moneys drawn on a letter of credit;

(c) moneys received by the Trustee representing advances to the Borrower of proceeds of the Mortgage Loan;

(d) remarketing proceeds of the Bonds (including any additional amount paid to the Trustee as the purchase and or remarketing price thereof by the Remarketing Agent) received from the Remarketing Agent or any purchaser of Bonds (other than funds provided by the Borrower, the Issuer, any Affiliate of either the Borrower or the Issuer);

(e) any other amounts, including the proceeds of any refunding notes or bonds, for which the Trustee has received an Opinion of Counsel (which opinion may assume that no Holder or Beneficial Owner of Bonds is an “insider” within the meaning of the Bankruptcy Code) to the effect that (A) the use of such amounts to make payments on the Bonds would not violate Section 362(a) of the Bankruptcy Code or that relief from the automatic stay provisions of such Section 362(a) would be available from the bankruptcy court and (B) payment of such amounts to Holders would not be recoverable from Holders of Bonds under Section 550 of the Bankruptcy Code as avoidable preferential payments of the Borrower under Section 547 of the Bankruptcy Code should the Issuer or the Borrower become a debtor in proceedings commenced under the Bankruptcy Code;

(f) any payments made by the Borrower and held by the Trustee for a continuous period of 123 days, *provided* that no Act of Bankruptcy has occurred during such period;

(g) proceeds of Freddie Mac Seller/Servicer Purchase Price received from the Freddie Mac Seller/Servicer in connection with the purchase of the Governmental Note on the Conversion Date;

(h) money received by the Trustee from the Issuer drawn on the Issuer's line of credit in connection with its volume cap recycling program; and

(i) Investment Income derived from the investment of the money described in subsections (a) through (g) hereof.

"Eligible Investments" means, subject to the provisions of Section 6.01 hereof, any of the following investments that mature (or are redeemable at the option of the Trustee without penalty) at such time or times as to enable timely disbursements to be made from the fund in which such investment is held or allocated in accordance with the terms of this Indenture, to the extent the same are at the time legal for investment of the Issuer's funds (written direction of the Issuer to invest funds shall be conclusive evidence that the directed investment is at the time a legal investment of the Issuer's funds):

(a) Government Obligations; and

(b) To the extent permitted herein, shares or units in any money market mutual fund (i) which is then rated "Aaa-mf" by Moody's (or if no fund is available at that rating category, the Highest Rating Category then available for that category of fund by Moody's, or if Moody's is not the Rating Agency or a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of the Trustee or its affiliates or for which the Trustee or an affiliate thereof serves as investment advisor or provides other services to such mutual fund and receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of direct obligations of the government of the United States of America.

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

"Extension Payment" means the amount due, if any, in connection with the change or extension of the Mandatory Tender Date pursuant to Section 3.03 hereof, and (a) which shall be determined by a Cash Flow Projection approved in writing by the Rating Agency and (b) must consist of Eligible Funds.

"Forward Commitment Maturity Date" means [_____], subject to extension by Freddie Mac as provided in the Construction Phase Financing Agreement.

"Freddie Mac" means the Federal Home Loan Mortgage Corporation, a shareholder-owned government-sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

"Freddie Mac Commitment" means the commitment from Freddie Mac to the Freddie Mac Seller/Service provider pursuant to which Freddie Mac has agreed to purchase the Governmental Note following the Conversion Date, subject to the terms and conditions set forth therein, as such commitment may be amended, modified or supplemented from time to time.

“*Freddie Mac Seller/Servicer*” means Wells Fargo Bank, National Association, as Freddie Mac’s seller/servicer under the Freddie Mac Commitment, or any of its successors or assigns under the Freddie Mac Commitment.

“*Freddie Mac Seller/Servicer Purchase Price*” means an amount equal to the Actual Project Loan Amount to be funded by the Freddie Mac Seller/Servicer on the Conversion Date.

“*Funding Loan Agreement*” means the Funding Loan Agreement attached hereto as Appendix C, which Funding Loan Agreement shall be executed, delivered and become effective on the Conversion Date.

“*General Partner*” means McKinney Skyway Villas GP, LLC, a Texas limited liability company.

“*Governmental Authority*” means any federal, State or local governmental or quasi-governmental entity, including, without limitation, any agency, department, commission, board, bureau, administration, service, or other instrumentality of any governmental entity.

“*Governmental Note*” means the Governmental Note in substantially the form attached as Exhibit A to the Funding Loan Agreement, which Governmental Note shall be executed, delivered and become effective on the Conversion Date.

“*Governmental Obligations*” means (a) noncallable, non-redeemable direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged, and (b) obligations issued by a Person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of, premium, if any, and interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (a) or (b) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, are not subject to redemption prior to maturity at less than par at the option of anyone other than the holder thereof.

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

“*Gross Proceeds*” means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds, as defined in Section 1.148-1(c) of the Regulations, of the Bonds.

“*Ground Lease*” means the Ground Lease dated August [___], 2026, by and between _____, a Texas _____, as landlord, and the Borrower, as tenant.

“*Hazardous Materials*” means petroleum and petroleum products and compounds containing them, including gasoline, diesel fuel and oil; explosives; flammable materials; radioactive materials; polychlorinated biphenyls (“PCBs”) and compounds containing them; lead and lead-based paint; asbestos or asbestos-containing materials in any form that is or could become

friable; underground or above-ground storage tanks, whether empty or containing any substance; radon; Mold; toxic or mycotoxin spores; any substance the presence of which on the Mortgaged Property is prohibited by any federal, state or local authority; any substance that requires special handling; and any other material or substance (whether or not naturally occurring) now or in the future that (i) is defined as a “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” “toxic pollutant,” “solid waste”, “pesticide”, “contaminant,” or “pollutant,” or otherwise classified as hazardous or toxic by or within the meaning of any Hazardous Materials Law, or (ii) is regulated in any way by or within the meaning of any Hazardous Materials Law.

“*Hazardous Materials Laws*” means all federal, state, and local laws, ordinances and regulations and standards, rules, policies and other governmental requirements, rule of common law (including, without limitation, nuisance and trespass), consent order, administrative rulings and court judgments and decrees or other government directive in effect now or in the future and including all amendments, that relate to Hazardous Materials or to the protection or conservation of the environment or human health and apply to Borrower or to the Mortgaged Property, including, without limitation, those relating to industrial hygiene, or the use, analysis, generation, manufacture, storage, discharge, release, disposal, transportation, treatment, investigation, or remediation of Hazardous Materials. Hazardous Materials Laws include, but are not limited to, the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. Section 9601, *et seq.*, the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, *et seq.*, the Toxic Substances Control Act, 15 U.S.C. Section 2601, *et seq.*, the Clean Water Act, 33 U.S.C. Section 1251, *et seq.*, the Hazardous Materials Transportation Act, 49 U.S.C. Section 5101, *et seq.*, the Superfund Amendments and Reauthorization Act, the Solid Waste Disposal Act, the Clean Air Act, the Occupational Safety and Health Act, and their state analogs.

“*Highest Rating Category*” means, with respect to an Eligible Investment, that the Eligible Investment is rated by a Rating Agency in the highest rating given by that Rating Agency for that Rating Category, *provided* that such rating shall include but not be below Aa1 or Aa1/VMIG-1 if rated by Moody’s or A-1+ or AA+ if rated by S&P.

“*Indenture*” means this Trust Indenture dated as of August 1, 2026, by and between the Issuer and the Trustee, and any and all Supplements thereto.

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

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

“*Initial Deposit*” means Eligible Funds in the amount of \$[0].

“*Initial Interest Rate*” means [_____] %.

“*Initial Mandatory Tender Date*” means [_____].

“*Initial Remarketing Date*” means the Initial Mandatory Tender Date, but only if the conditions for remarketing the Bonds on such date as provided in Section 3.03 hereof are satisfied.

“*Interest Payment Date*” means (a) [_____] 1 and [_____] 1 of each year beginning [_____] 1, 202[____], (b) each Mandatory Tender Date and (c) each Redemption Date.

“*Interest Period*” means, initially, the period from the Closing Date to but not including first Interest Payment Date, and thereafter, the period commencing on each succeeding Interest Payment Date and ending on the last day of the month preceding the next Interest Payment Date.

“*Interest Rate*” means the Initial Interest Rate to but not including the Initial Mandatory Tender Date, as applicable, and thereafter the applicable Remarketing Rate; *provided, however*, commencing on the Conversion Date the Interest Rate shall be as set forth in the Funding Loan Agreement.

“*Investor Limited Partner*” means Wells Fargo Bank, National Association, a national banking association, in its capacity as investor limited partner in the Borrower, its permitted successors and assigns.

“*Issuer*” means the McKinney Housing Finance Corporation and any successor to its powers and duties under the Act.

“*Issuer Documents*” means the Loan Agreement, this Indenture, the Regulatory Agreement, the Bond Purchase Agreement, the Issuer’s Certificate as to Tax Exemption and any and all documents, agreements or instruments executed by the Issuer in connection with the Loan.

“*Issuer Fee*” means (a) a one-time fee equal to \$5.00 per \$1,000 par amount of Bonds issued, with a minimum fee of \$20,000, payable on the Closing Date and (b) the ongoing annual fee payable to the Issuer annually in arrears on each January 1, commencing January 1, 2028, equal to (i) before the Conversion Date, a fee of 0.125% per annum of the initial aggregate principal amount of the Bonds, payable by the Borrower under the Loan Agreement, with such annual fee for calendar years 2026 and 2027 due on the Closing Date and (ii) after the Conversion Date, a fee equal to 0.125% per annum of the aggregate principal amount of the Governmental Note.

“*Issuer's Certificate as to Tax Exemption*” means the Certificate as to Tax Exemption executed by the Issuer and delivered on the Closing Date.

“*Issuer’s Obligations*” means the obligations of the Issuer under the Bonds, this Indenture, and the other Documents to (a) pay the principal of and interest on the Bonds (including supplemental interest), when and as the same shall become due and payable (whether at the stated maturity thereof, or by acceleration of maturity or after notice of prepayment or otherwise) and, (b) timely perform, observe and comply with all of the terms, covenants, conditions, stipulations, and agreements, express or implied, which the Issuer is required, by the Bonds, this Indenture, or any of the other Documents, to perform and observe.

“*Lender*” means Wells Fargo Bank, National Association, a national banking association, and any successors or assigns.

“*Loan*” means the loan by the Issuer to the Borrower in the principal amount of \$[46,000,000] made by the Issuer to the Borrower evidenced by the Note, described in the Loan Agreement and made in connection with the issuance of the Bonds.

“*Loan Payments*” means the amounts required to be paid by the Borrower in repayment of the Loan pursuant to the provisions of the Note and Section 4.02 of the Loan Agreement.

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

“*Low Income Tenants*” shall have the meaning ascribed to such term in the Regulatory Agreement.

“*Mandatory Tender Date*” means each date on which all Outstanding Bonds are subject to mandatory tender as set forth in Section 3.01(b) hereof.

“*Maturity Date*” means [_____].

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

“*Moody’s*” means Moody’s Investors Service, Inc., a Delaware corporation, and its successors and assigns, or if it is dissolved or no longer assigns credit ratings, then any other nationally recognized statistical rating agency, acceptable to the Remarketing Agent, that assigns credit ratings.

“*Mortgage Loan*” means the mortgage loan to be made by the Lender to the Borrower in the principal amount of \$[46,000,000] with respect to the Project, as described and provided for in the Mortgage Loan Documents.

“*Mortgage Loan Documents*” means the Security Instrument, the mortgage note, and all other documents required by the Lender in connection with the Mortgage Loan.

“*Negative Arbitrage Account*” means the Negative Arbitrage Account of the Bond Fund created in Section 4.01 hereof.

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

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

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

- (a) As to the Issuer:
McKinney Housing Finance Corporation
401 E. Virginia Street
McKinney, Texas 75069
Attention: Cristel Todd
Email: ctodd@mckinneytexas.org

With a copy to:

Norton Rose Fulbright US LLP
2200 Ross Avenue, Suite 3600
Dallas, Texas 75201
Attention: Robert Dransfield
Email: rdransfield@nortonrosefulbright.com

(b) As to the Trustee:

UMB Bank, N.A.
5910 North Central Expressway, Suite 1900
Dallas, Texas 75206
Attention: Corporate Trust & Escrow Services
Email: [_____]

With a copy to:

Naman, Howell, Smith & Lee, PLLC
8310 Capitol of Texas Hwy. N., Suite 940
Austin, Texas 78731
Attention: Cliff Blount
Email: blount@namanhowell.com

(c) As to the Borrower:

Skyway Villas (TX) Owner LP
300 South Grand Avenue, 2nd Floor
Los Angeles, California 90071
Attention: [Brad Fisher]
Email: [bfisher@aprilhousing.com]

With copies to:

McKinney Housing Finance Corporation
401 E. Virginia Street
McKinney, Texas 75069
Attention: Cristel Todd
Email: ctodd@mckinneytexas.org

and

Chapman and Cutler LLP
320 South Canal Street, 27th Floor
Chicago, Illinois 60606
Attention: _____
Email: _____@chapman.com

(d) As to the Lender:

Wells Fargo Bank, National Association
1751 Pinnacle Drive, 8th Floor
McLean, Virginia 22102
Email: WFMCServicing@wellsfargo.com

- (e) As to the Underwriter and Remarketing Agent:

Wells Fargo Bank, National Association
30 Hudson Yards, 15th Floor
New York, NY 10001
Attention: Patrice Mitchell
Telephone: (212) 214-2850
Email: patrice.mitchell@wellsfargo.com

With a copy to:

Tiber Hudson LLC
601 Pennsylvania Avenue NW, Suite 900
Washington, DC 20004
Attention: Lauren Marcus, Esq.
Telephone: (202) 973-0122
Email: lauren@tiberhudson.com

- (f) As to the Rating Agency:

Moody's Investors Service, Inc.
World Trade Center
250 Greenwich Street, 16th Floor
New York, New York 10007
Attention: Public Finance Department — Housing Group
Email: Housing@moody.com

- (g) As to the Investor Limited Partner:

Wells Fargo Bank, National Association
550 S. Tyron Street
23rd Floor, MAC D1086-239
Charlotte, NC 28202-4200
Attention: Director of Asset Management
Telephone: [_____]
Email: [_____]

With a copy to:

Sidley Austin LLP
One South Dearborn
Chicago, IL 60603
Attention: Phil C. Spahn

Telephone: (312) 853-7015
Email: pspahn@sidley.com

(h) As to the Freddie Mac Seller/Servicer:

Wells Fargo Bank, National Association
1751 Pinnacle Drive, 8th Floor
McLean, Virginia 22102
Email: WFMCServicing@wellsfargo.com
Attention: Servicing Department

(i) As to Freddie Mac:

Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive, MS B4P
McLean, Virginia 22102
Attention: Multifamily Operations - Loan Accounting
Telephone: (703) 714-4177
Email: mfla@freddiemac.com

“*Notice of Conversion*” means a written notice to be delivered no fewer than fifteen (15) days prior to the Conversion Date by the Freddie Mac Seller/Servicer to the Issuer, the Trustee, the Borrower, the Lender and Freddie Mac (i) stating that the Conditions to Conversion have been satisfied on or before the Forward Commitment Maturity Date or, if any Condition to Conversion has not been satisfied on or before the Forward Commitment Maturity Date, stating that such Condition to Conversion has been waived in writing by Freddie Mac (if a waiver is permitted and is granted by Freddie Mac, in its sole and absolute discretion) on or before the Forward Commitment Maturity Date and (ii) confirming the Conversion Date.

“*Official Statement*” means the Official Statement dated [____], 2026, relating to the Bonds.

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

“*Optional Call Date*” means any date on or after _____, 20__.

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

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

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

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

“Partnership Agreement” means the [Amended and Restated Agreement of Limited Partnership] of the Borrower dated [as of July 1], 2026, as it may be amended in accordance with the Borrower Documents and the Mortgage Loan Documents.

“Permanent Loan Purchase Fund” means the fund established pursuant to Section 4.01 hereof.

“Permanent Phase” means the permanent phase of the Loan, which time period shall commence on the Conversion Date and remain in effect through the remaining term of the Loan.

“Person” shall include an individual, association, unincorporated organization, corporation, partnership, limited liability company, joint venture, or government or agency or political subdivision thereof.

“Project” means the multifamily rental housing development of approximately 232 multifamily rental housing units located at 2000 Skyline Drive, McKinney, Texas 75071, known as the Skyway Villas.

“Project Certificate” means the Project Certificate dated the Closing Date, executed by the Borrower in connection with the Bonds.

“Project Fund” means the Project Fund established pursuant to Section 4.01 hereof.

“Project Loan Agreement” means the Project Loan Agreement attached hereto as Appendix D, which Project Loan Agreement shall be executed, delivered and become effective on the Conversion Date.

“Qualified Project Costs” means any expenditures which (a) are incurred not more than 60 days prior to the date on which the issuer first declared its “official intent” (within the meaning of Treasury Regulation Section 1.150-2) with respect to the Project (other than preliminary expenditures with respect to the Project in an amount not exceeding 20% of the aggregate principal amount of the Bonds); (b) are made exclusively to provide facilities and improvements that constitute part of a “qualified residential rental project” within the meaning of Section 142(d) of the Code; and (c) are properly chargeable to the Project’s capital account under general federal income tax principles or that would be so chargeable with a proper election or but for a proper election by the Borrower to deduct such expenditure. However, “Qualified Project Costs” do not include (i) issuance costs of the Bonds (within the meaning of Section 147(g) of the Code) or (ii) any fee, charge or profit payable to the Borrower or a “related person” (within the meaning of Section 144(a)(3) of the Code) of the Borrower. As used herein, the term “preliminary expenditures” includes architectural, engineering, surveying, soil testing and similar costs that were incurred prior to the commencement of rehabilitation of the Project, but does not include land acquisition, site preparation and similar costs incident to commencement of rehabilitation of the Project.

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

“*Rating Agency*” means any national rating agency then maintaining a rating on the Bonds, and initially means Moody’s.

“*Rating Category*” means one of the generic rating categories of the Rating Agency.

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

“*Rebate Analyst*” means a certified public accountant, financial analyst or attorney, or any firm of the foregoing, or a consulting firm or a financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code and selected by the Issuer at the expense of the Borrower to calculate the Rebate Amount or, in the event that the Issuer fails to so select a Rebate Analyst, the Rebate Analyst will be any qualified person retained by the Borrower, and in the event the Borrower fails to select a Rebate Analyst and the Borrower fails to pay such Rebate Analyst’s fee one month prior to any date on which calculations are required to be made, the Rebate Analyst will be any qualified person retained by the Trustee at the expense of the Borrower to calculate the Rebate Amount. The initial Rebate Analyst will be Hilltop Securities Asset Management, LLC.

“*Rebate Analyst Fee*” means the fee payable by the Borrower annually in arrears to the Rebate Analyst on each January 1 in the amount of \$[1,800], commencing, on [January 1, 2028], so long as the Bonds are Outstanding.

“*Rebate Fund*” means the Rebate Fund established pursuant to Section 4.01 hereof.

“*Record Date*” means the 15th day of the month preceding any Interest Payment Date.

“*Redemption Date*” means any date hereunder on which the Bonds are subject to redemption, including (a) the Maturity Date, (b) the date of acceleration of the Bonds, or (c) pursuant to Section 3.04 or 3.05 hereof.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants relating to the Project dated as of the same date as this Indenture, by and among the Issuer, the Trustee and the Borrower relating to the Bonds, and any and all modifications thereof, amendments and Supplements thereto and substitutions therefor.

“*Remarketing Agent*” means the Underwriter or any successor as Remarketing Agent designated in accordance with Section 10.24 hereof.

“*Remarketing Agent’s Fee*” means the fee of the Remarketing Agent for its remarketing services.

“*Remarketing Agreement*” means the Remarketing Agreement dated as of August 1, 2026 by and between the Borrower and the Remarketing Agent, as amended, supplemented or restated from time to time, or any agreement entered into in substitution therefor.

“*Remarketing Date*” means the Initial Remarketing Date and, if the Bonds Outstanding on such date or on any subsequent Remarketing Date are remarketed pursuant to Section 3.03 for a Remarketing Period that does not extend to the final maturity of the Bonds, the day after the last day of the Remarketing Period.

“*Remarketing Expenses*” means the costs and expenses incurred by the Trustee and its counsel, the Remarketing Agent and its counsel, the Issuer and its counsel, and Bond Counsel in connection with the remarketing of the Bonds, including bond printing and registration costs, costs of funds advanced by the Remarketing Agent, registration and filing fees, rating agency fees and other costs and expenses incurred in connection with or properly attributable to the remarketing of Bonds as certified to the Trustee by the Remarketing Agent in writing.

“*Remarketing Notice Parties*” means the Borrower, the Investor Limited Partner, the Issuer, the Trustee, the Remarketing Agent, the Class B Limited Partner, the General Partner and the Lender.

“*Remarketing Period*” means the period beginning on a Remarketing Date and ending on the earlier of (i) the last day of the term for which Bonds are remarketed pursuant to Section 3.03, (ii) the Conversion Date or (iii) the final Maturity Date of the Bonds.

“*Remarketing Proceeds Account*” means the Remarketing Proceeds Account of the Bond Fund established pursuant to Section 4.01 hereof.

“*Remarketing Rate*” means the interest rate or rates established pursuant to Section 2.01 and borne by the Bonds then Outstanding from and including each Remarketing Date to, but not including, the next succeeding Remarketing Date or the final Maturity Date of the Bonds, as applicable.

“*Requisition*” means the written request to make a disbursement from the Project Fund in substantially the form attached as *Appendix B* hereto, submitted in the manner provided pursuant to Section 5.02 hereof.

“*Reserved Rights of the Issuer*” shall mean (a) all rights which the Issuer and its officers, officials, directors, agents and employees may have under this Indenture, the Loan Agreement and the Regulatory Agreement to indemnification by the Borrower and by any other persons and to payments for expenses incurred by the Issuer itself, or its officers, officials, directors, agents or employees; (b) the right of the Issuer to give and receive notices, reports, certifications, or other information hereunder, under the Loan Agreement and under the Regulatory Agreement; (c) the right of the Issuer to receive its fees and expenses; (d) the Issuer’s approval rights; (e) the rights of the Issuer with respect to inspections; (f) the rights of the Issuer with respect to publicity and signage; (g) the notification, indemnification and enforcement rights of the Issuer in Section 6.02 of the Loan Agreement; (h) the rights of the Issuer with respect to limited liability; (i) all rights of the Issuer to enforce the covenants and agreements and to take action for the breach of any representation or warranty of the Borrower pertaining in any manner or way, directly or indirectly,

to the requirements of the Act or any requirements imposed by the Issuer with respect to the Project, or necessary to assure that interest on the Bonds is excludable from gross income for federal income tax purposes, as are set forth in any of the Documents, including any certificate or agreement executed by the Borrower; (j) all rights of the Issuer in connection with any amendment to or modification of any of this Indenture and the Loan Agreement, or the Regulatory Agreement insofar as any such amendment or modification would affect the Reserved Rights of the Issuer; (k) all approval rights of the Issuer relating to rent increases as provided in Section 5.2 of the Regulatory Agreement; and (l) all enforcement rights with respect to the foregoing. All of the foregoing rights of the Issuer under this Indenture, the Regulatory Agreement and the Loan Agreement are reserved to the Issuer, as none of these rights under this Indenture, the Regulatory Agreement or the Loan Agreement are being assigned by the Issuer to the Lender.

“*Revenues*” means (a) the Loan Payments, (b) the Eligible Funds received by the Trustee for deposit into the Collateral Fund, (c) all other money received or to be received by the Trustee in respect of repayment of the Loan, including without limitation, all money and investments in the Bond Fund, (d) any money and investments in the Special Funds, and (e) all income and profit from the investment of the foregoing moneys. The term “*Revenues*” does not include any money or investments in the Rebate Fund and the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds), amounts paid as fees, reimbursement for expenses or for indemnification of the Issuer and the Trustee, or amounts paid to or collected by the Issuer in connection with any Reserved Rights of the Issuer.

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

“*Security Instrument*” means the [Leasehold Deed of Trust (With Security Agreement and Assignment of Rents)] which will secure the Mortgage Loan, as the same may be amended, supplemented or restated.

“*Special Funds*” means, collectively, the Project Fund, the Collateral Fund and the Bond Fund, and any accounts therein, all as established pursuant to this Indenture.

“*Sponsoring Political Subdivision*” means the City of McKinney, Texas.

“*State*” means the State of Texas.

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

“*Tax Certificates*” means jointly, (a) the Issuer’s Certificate as to Tax Exemption and (b) the Borrower’s Tax Letter of Representation.

“*Term of Agreement*” means the term of the Loan Agreement as specified in Section 8.01 of the Loan Agreement.

“*Title Company*” means Title Resources Guaranty Company.

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

“*Trust Office*” means the trust office of the Trustee located at the address set forth in Article I hereof or such other office designated by the Trustee from time to time, or such other offices as may be specified in writing to the Issuer by the Trustee.

“*Trustee*” means UMB Bank, N.A., a national banking association, organized and existing under the laws of the United States and authorized to accept and execute trusts of the character herein set out, and its successor or successors in the trust created by this Indenture.

“*Trustee’s Fee*” means the ongoing compensation and expenses payable to the Trustee as follows: (a) annual administration fees and expenses of the Trustee for Trustee’s ordinary fees and expenses in rendering its services under this Indenture during each twelve month period, which fee is initially equal to \$5,000 (plus a one-time acceptance fee at closing of \$2,500) and shall be payable annually in advance on the Closing Date and each annual anniversary thereof, together with all third-party and out-of-pocket expenses of the Trustee (including, but not limited to, the fees and expenses of counsel to the Trustee); (b) the fees and charges of the Trustee for necessary extraordinary services rendered by it and extraordinary expenses incurred by it under this Indenture as and when the same become due, including reasonable counsel fees (including in-house counsel fees and fees prior to litigation, at trial, in insolvency proceedings or for appellate proceedings); *provided further*, that the Trustee shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Trustee shall have been made; and (c) for purposes of the Loan Agreement, indemnification of the Trustee by the Borrower.

“*Undelivered Bond*” means any Bond that is required under this Indenture to be delivered to the Remarketing Agent or the Trustee for purchase on a Mandatory Tender Date but that has not been received on the date such Bond is required to be so delivered.

“*Underwriter*” means Wells Fargo Bank, National Association

“*Yield*” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations, and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

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

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

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

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

Section 1.03. Determinations. The Issuer has determined that the issuance of the Bonds under this Indenture is necessary to achieve a valid public purpose of the Issuer under the Act: to increase the housing supply for families of limited income, to alleviate the shortage of adequate safe and sanitary housing of families of low and moderate income and to promote community development.

The Issuer is issuing the Bonds with the intent and expectation that the income from the Bonds will be generally excludable from the Bondholder's gross income under the Code as determined by the Issuer and pursuant to an opinion of Bond Counsel (subject to customary limitations).

ARTICLE II

CREATION OF BONDS; DETAILS OF THE BONDS

Section 2.01. Authorization and Terms of Bonds.

(a) *Authorization of Bonds.* The Issuer hereby authorizes for issuance under this Indenture, bonds in the original aggregate principal amount of \$[46,000,000], which shall be designated "McKinney Housing Finance Corporation Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026," to be issued as hereinafter provided.

(b) *Registered Form; Numbering.* The Bonds shall be issuable only as fully registered Bonds in Authorized Denominations, substantially in the form, appropriately completed, attached hereto as Appendix A and made a part hereof. Except for the Initial Bond, the Bonds shall be lettered "R," and shall be numbered separately from "1" consecutively upward.

(c) *Date, Denominations, Dates from Which Interest Payable, Interest Rate and Maturity.* Except for the Initial Bond, which shall be dated August 1 2026, the Bonds shall be dated the Closing Date, shall be issued in Authorized Denominations, and shall bear interest on the principal amount Outstanding from the most recent date to which interest has been paid or duly provided for or, if no interest has been paid or provided for, from their date of initial delivery, payable on each Interest Payment Date. The Bonds shall bear interest for each Interest Period at the Interest Rate all as more specifically set forth hereinafter. Interest on the Bonds shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. The Bonds shall mature on the Maturity Date, subject to Mandatory Tender for purchase as set forth in Section 3.01 hereof.

(d) *Initial Interest Rate.* From the Closing Date to, but not including, the Initial Mandatory Tender Date, the interest rate on the Bonds shall be the Initial Interest Rate. On the Initial Mandatory Tender Date, the Bonds shall be subject to Mandatory Tender pursuant to Section 3.01 hereof. If insufficient funds are available to pay the purchase price on the Bonds following such Mandatory Tender on the Initial Mandatory Tender Date, the Bonds shall accrue interest at the Maximum Interest Rate until funds are available for payment of the purchase price, with interest being paid monthly on the first Business Day of each month.

(e) *Establishment of Remarketing Rate.* The Remarketing Agent shall establish the interest rate on the Bonds Outstanding for each Remarketing Period at the Remarketing Rate in accordance with this Section 2.01. Not less than ten (10) Business Days preceding each Remarketing Date, the Remarketing Agent, taking into consideration prevailing market conditions, shall, using its best professional judgment, determine the minimum rate(s) of interest which, if borne by the Bonds then Outstanding for the Remarketing Period specified by the Remarketing Agent at the direction of the Borrower as provided in Section 3.03 hereof shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds plus, if such Remarketing Date is a date other than a scheduled Interest Payment Date, accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. The rate of interest determined in accordance with the previous sentence shall be the Remarketing Rate for the specified Remarketing Period; *provided* that if the rate of interest so determined for such period would exceed the maximum interest rate per annum permitted by applicable law, the Bonds Outstanding shall be remarketed for the longest Remarketing Period for which the minimum rate of interest that would enable such Bonds to be remarketed at a price equal to 100% of the principal amount of such Bonds that would not exceed the maximum interest rate permitted by applicable law. Notwithstanding the foregoing, if the rate of interest so determined for any Remarketing Period would exceed the Maximum Interest Rate permitted by applicable State law, the Bonds Outstanding shall not be remarketed.

(f) *Notice of Remarketing Rate.* The Remarketing Agent shall, upon determination of the Remarketing Rate and Remarketing Period, immediately (and in no event later than the Business Day following the day on which the Remarketing Agent makes its determination of the Remarketing Rate and the Remarketing Period) give notice of its determination by telephone or telecopy, promptly confirmed in writing within ten (10) Business Days, to the Trustee, the Issuer, the Borrower and the Investor Limited Partner. The Remarketing Rate and the Remarketing Period shall be conclusive and binding upon the Trustee, the Issuer, the Borrower and the Holders for the purposes of this Indenture.

(g) *Book-Entry Form.* Initially, the Bonds shall be in Book-Entry Form by issuing a single bond in the amount of \$[46,000,000], registered in the name of Cede & Co. (defined below), as nominee for DTC (defined below). In the event DTC discontinues its service with respect to the Bonds and the Book-Entry System is terminated, replacement Bonds shall be issued in Authorized Denominations.

(h) *Medium and Place of Payment.* Principal of and interest on the Bonds shall be payable in lawful money of the United States of America which, at the respective times of payment, is legal tender for the payment of public and private debts, but only from the Revenues and any other monies made available to the Issuer for such purpose. Principal of the Bonds shall be payable

at the Trust Office upon presentation and surrender of the Bonds as the same become due, and upon the request of any registered Owner of Bonds on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, such principal shall be paid by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee. Interest on the Bonds shall be payable to each registered Owner of the Bonds by check or draft mailed to such Owners at their addresses as they appear on registration books kept by the Trustee as Bond Registrar, or, upon the request of any registered Owner of Bonds having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such Owner in writing to the Trustee at least three (3) Business Days prior to the applicable payment date.

(i) *Form of Bonds.* The definitive Bonds, which may be printed, typewritten, photocopied, or otherwise reproduced, including the Trustee's Certificate of Authentication to be endorsed thereon, shall be substantially in the form as set forth in Appendix A attached hereto with such appropriate variations, omissions, substitutions and insertions as permitted or required by this Indenture or are required by law and may have such letters, numbers or other marks of identification and such legends and endorsements placed thereon as may be required to comply with any applicable laws or rules or regulations, or as may, consistent herewith, be determined by the officer of the Issuer executing such Bonds, as evidenced by such officer's execution of the Bonds. The Initial Bond, which shall be numbered "I-1" and registered by the Comptroller, shall be identical to the form of Bond attached hereto as Appendix A, except that the penultimate paragraph of the Initial Bond shall read as follows:

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

In lieu of the authentication certificate of the Trustee, the Initial Bond shall contain the following certificate:

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

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE THIS _____.

(SEAL)”

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

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

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

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

Section 2.05. Authentication and Delivery of Bonds. After the execution and delivery of this Indenture, the Issuer shall execute the Initial Bond and register the same with the Comptroller. Upon payment on the Closing Date of the purchase price of the Bonds, the Trustee shall cancel the

Initial Bond, authenticate the Bonds and deliver them to the purchaser or purchasers as may be directed by the Issuer as provided in this Section.

Prior to the authentication by the Trustee of the Bonds, there shall have been filed with the Trustee (which may be in electronic format unless otherwise specified):

(a) A copy of the resolution adopted by the board of directors of Issuer on July 10, 2026, relating to the Bonds, authorizing the execution, delivery and performance of this Indenture and the Loan Agreement;

(b) Fully executed counterparts of this Indenture, the Loan Agreement, the Regulatory Agreement, the Project Certificate, the Ground Lease and the fully executed Note;

(c) the Initial Bond registered by the Comptroller;

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

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

(f) An opinion of the Attorney General of the State of Texas approving the Bonds;

(g) A request and authorization signed by an authorized officer of the Issuer authorizing the Trustee to authenticate and to deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Issuer of the amount specified in such request and authorization plus accrued interest, if any, thereon to the date of delivery; and

(h) The Initial Deposit.

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

Section 2.06. Temporary Bonds. Until Bonds in definitive form are ready for delivery, the Issuer may execute, and upon its request in writing, the Trustee shall authenticate and deliver in lieu of any thereof, and subject to the same provisions, limitations and conditions, one or more printed, typewritten or photocopied Bonds in temporary form, substantially of the tenor of the

Bonds herein described, and with appropriate omissions, variations and insertions. Such Bond or Bonds in temporary form shall be delivered in denominations authorized by this Indenture, may be numbered using the prefix "T" before any number thereon as authorized by this Indenture, and may bear a legend thereon setting forth the terms for the exchange thereof for Bonds in definitive form. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit of this Indenture. The Issuer shall, without unreasonable delay (unless the Holders of the Bonds issued in temporary form agree otherwise), prepare, execute and deliver to the Trustee, and thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form, the Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in a definitive authorized form in Authorized Denominations, of the same maturity or maturities, bearing the same interest rate or rates and for the same aggregate principal amount as the Bond or Bonds in temporary form surrendered. Such exchange shall be made by the Issuer at the Borrower's expense and without making any charge to the Holders of the Bonds therefor.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, maturity, interest rate and denomination as that of the Bond mutilated, lost, stolen or destroyed; *provided* that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond there shall be first furnished to the Issuer and the Trustee evidence of such loss, theft or destruction satisfactory to the Issuer and the Trustee, together with indemnity satisfactory to them. The Trustee may, with the consent of the Holder, provide to the Holder a typewritten (or similarly reproduced) Bond certificate in lieu of a printed Bond certificate. In the event any such Bond shall have matured, instead of issuing a duplicate Bond the Trustee may pay the same without surrender thereof. The Issuer and the Trustee may charge the Holder of such Bond their expenses and reasonable fees, if any, in connection with the preparation, execution and authentication of a replacement Bond.

Section 2.08. Registration, Negotiability, Transfer and Exchange of Bonds. All of the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. So long as any of the Bonds shall remain outstanding, the Issuer shall maintain and keep at the Trust Office, books for the registration and transfer of Bonds; and, upon presentation thereof for such purpose at such office, the Trustee shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as the Issuer or the Trustee may prescribe, any Bond entitled to registration or transfer.

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

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

For every exchange or transfer of Bonds, whether temporary or definitive, the Issuer or the Trustee may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Notwithstanding any other provision of this Indenture to the contrary, any expenses of the Issuer or the Trustee incurred in connection therewith (except any applicable tax or other governmental charge) shall be paid by the Borrower as required by the Loan Agreement. The Issuer shall not be obligated to make any such exchange or transfer of Bonds during the fifteen (15) days next preceding an interest payment date on the Bonds.

Section 2.09. Obligation of Issuer Limited. The Bonds, together with interest thereon, do not constitute an indebtedness to which the faith and credit of the Issuer, the Sponsoring Political Subdivision or the State are pledged but are special limited obligations of the Issuer payable solely from (a) the Revenues pledged for the payment thereof under this Indenture, (b) the amounts held in any fund or account created under this Indenture, other than amounts held in the Rebate Fund and the Costs of Issuance Fund, and (c) from any other moneys held pursuant to the Trust Estate, and shall be a valid claim of the respective Holders thereof only against the Trust Estate, which is hereby assigned for the equal and ratable payment of the Bonds and the interest thereon and shall be used for no other purpose than to pay the principal of and interest on the Bonds, except as may be otherwise expressly authorized in this Indenture.

THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE BONDS, AND THE OBLIGATIONS OF THE ISSUER UNDER THE DOCUMENTS ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM CERTAIN REVENUES AND RECEIPTS DERIVED FROM THE TRUST ESTATE AND AMOUNTS TO BE RECEIVED THEREUNDER, WHICH PAYMENTS, REVENUES AND RECEIPTS HAVE BEEN PLEDGED AND ASSIGNED TO THE TRUSTEE TO SECURE PAYMENT OF THE BONDS. THE PRINCIPAL OF, PREMIUM, IF ANY, AND THE INTEREST ON THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISION, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISIONS. NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER AND THE SPONSORING POLITICAL SUBDIVISION SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO, OR ANY OTHER AMOUNTS DUE UNDER THE DOCUMENTS, EXCEPT FROM THE REVENUES AND RECEIPTS PLEDGED THEREFOR, AND NEITHER THE FAITH AND CREDIT OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISION, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISION, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF, IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR OTHER COSTS INCIDENT THERETO OR ANY OTHER AMOUNTS

DUE UNDER THE DOCUMENTS. THE BONDS DO NOT CREATE A MORAL OBLIGATION ON THE PART OF ANY OF THOSE GOVERNMENTAL ENTITIES WITH RESPECT TO THE PAYMENT OF THE BONDS. THOSE GOVERNMENTAL ENTITIES MAY NOT MAKE PAYMENTS WITH RESPECT TO THE BONDS. THE ISSUER HAS NO TAXING POWER.

Section 2.10. Cancellation and Destruction of Bonds. All Bonds that have been surrendered for payment, cancellation or for registration of transfer or exchange pursuant to Section 2.08 shall be cancelled and destroyed by the Trustee, only after it has received from the Issuer written directions to destroy such Bonds, and shall not be reissued, and a counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Trustee to the Issuer and, upon written request therefor, to the Borrower and the Investor Limited Partner. Any Bonds so cancelled may be retained by the Trustee for such period of time as the Trustee may determine and shall be destroyed by the Trustee at the end of such period. Any Bonds so cancelled shall thereafter no longer be considered Outstanding for any purpose of this Indenture or the Loan Agreement.

Section 2.11. Book-Entry System. (a) Except as provided in subparagraph (c) of this Section 2.11, the registered owner of all of the Bonds shall be, and the Bonds shall be registered in the name of, Cede & Co. (“Cede”), as nominee of The Depository Trust Company (“DTC”). Payment of semi-annual interest for any Bonds shall be made by transfer of same-day funds to the account of Cede on the interest payment date for the Bonds at the address indicated for Cede in the registration books of the Issuer kept by the Trustee.

(b) The Bonds shall be initially issued in the form of a separate single fully registered bond in the amount of each separately stated maturity of the Bonds. Upon initial issuance, the ownership of such Bonds shall be registered in the registry books of the Issuer kept by the Trustee in the name of Cede, as nominee of DTC. With respect to Bonds registered in the registry books kept by the Trustee in the name of Cede, as nominee of DTC, the Issuer and the Trustee shall have no responsibility or obligation to any participant of DTC (a “Participant”) or to any person for whom a Participant acquires an interest in the Bonds (a “Beneficial Owner”). Without limiting the immediately preceding sentence, the Issuer and the Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede or any Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any Participant, any Beneficial Owner or any other person, other than DTC, of any notice with respect to the Bonds, or (iii) the payment to any Participant, any Beneficial Owner or any other person, other than DTC, of any amount with respect to the principal of or interest on the Bonds. The Issuer and the Trustee may treat as and deem DTC to be the absolute owner of each Bond for the purpose of payment of the principal of and interest on such Bond, and other matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Trustee shall pay all principal of and interest on the Bonds only to or upon the order of DTC, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer’s obligations with respect to the principal of and interest on the Bonds to the extent of the sum or sums so paid. Payments of principal may be made without requiring the surrender of the Bonds, and the Issuer and Trustee shall not be liable for the failure of DTC or any successor thereto to properly indicate on the Bonds the payment of such principal. No person other than DTC shall receive a Bond evidencing the obligation of the Issuer to make payments of principal of and interest on the Bonds pursuant to this Indenture. Upon delivery by DTC to the Trustee of written notice to the effect

that DTC has determined to substitute a new nominee in place of Cede, and subject to the transfer provisions hereof, the word “Cede” in this Indenture shall refer to such new nominee of DTC.

(c) (i) DTC may determine to discontinue providing its services with respect to the Bonds at any time by giving written notice to the Issuer and discharging its responsibilities with respect thereto under applicable law. Under such circumstances (if there is not a successor securities depository), Bond certificates will be delivered as described in this Indenture.

(ii) The Issuer, in its sole discretion and without the consent of any other person, may terminate the services of DTC with respect to the Bonds if the Issuer determines that: (1) DTC is unable to discharge its responsibilities with respect to the Bonds or (2) a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Trustee in the name of Cede, as nominee of DTC, is not in the best interest of the Beneficial Owners of the Bonds. In the event that no substitute securities depository is found by the Issuer, or restricted registration is no longer in effect, Bond certificates will be delivered as described in this Indenture.

(iii) Upon the termination of the services of DTC with respect to the Bonds pursuant to subparagraph (c)(i) of this Section 2.11, or upon the discontinuance or termination of the services of DTC with respect to the Bonds pursuant to subparagraph (c)(ii) of this Section 2.11 after which no substitute securities depository willing to undertake the functions of DTC hereunder can be found which, in the opinion of the Issuer, is willing and able to undertake such functions upon reasonable and customary terms, the Bonds shall no longer be restricted to being registered in the registration books kept by the Trustee in the name of Cede as nominee of DTC, but may be registered in whatever name or names Bondholders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Indenture.

(d) Notwithstanding any other provision of this Indenture to the contrary, so long as any Bond is registered in the name of Cede, as nominee of DTC, all payments with respect to the principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, to DTC as provided in the applicable Representation Letter of the Issuer addressed to DTC, dated the date of delivery and issuance of the Bonds.

(e) In connection with any notice or other communication to be provided to Bondholders pursuant to this Indenture by the Issuer or the Trustee with respect to any consent or other action to be taken by the Bondholders, the Issuer or the Trustee, as the case may be, shall establish a special record date for such consent or other action and give DTC notice of such special record date not less than fifteen (15) calendar days in advance of such special record date to the extent possible.

Section 2.12. Conversion. (a) If the Notice of Conversion is issued in the timeframe required under the Construction Phase Financing Agreement and all conditions with respect thereto and with respect to the purchase of the Governmental Note are satisfied, Conversion will occur on the Conversion Date indicated in such Notice of Conversion. If the Notice of Conversion is not so issued or all conditions with respect thereto and with respect to the funding of the Funding Loan are not so satisfied, then Conversion will not occur and neither the Freddie Mac

Seller/Servicer nor Freddie Mac will have any obligations with respect to the purchase of the Governmental Note or otherwise with respect to the Loan or the Project.

(b) If the Conditions to Conversion are satisfied on or before the Forward Commitment Maturity Date (as may be extended pursuant to the Freddie Mac Commitment and the Construction Phase Financing Agreement), Conversion will occur on the Conversion Date and, on such Conversion Date, (i) the Bonds shall be subject to mandatory tender in accordance with Section 3.01 hereof, (ii) the purchase price of the Bonds shall be paid with amounts on deposit in the Permanent Loan Purchase Fund (and/or other Eligible Funds hereunder), (iii) a portion of the principal amount of the Bonds shall be cancelled such that the principal amount outstanding equals the Actual Project Loan Amount (as determined by Freddie Mac in connection with the Conversion, pursuant to the Construction Phase Financing Agreement), (iv) the Bonds shall be removed from the Book-Entry System and converted into a physical Governmental Note (in the form attached to the Funding Loan Agreement) which shall be purchased by the Freddie Mac Seller/Servicer, (v) the Funding Loan Agreement attached hereto as Appendix C and the Project Loan Agreement attached hereto as Appendix D shall be delivered by the respective parties and become effective and shall supersede this Indenture and the Loan Agreement, respectively, (vi) the proceeds of the Freddie Mac Seller/Servicer Purchase Price shall be delivered to the Trustee for deposit into the Permanent Loan Purchase Fund, and certain funds of the Borrower shall be delivered to the Title Company, (vii) the Mortgage Loan shall be paid in part with amounts on deposit in the Collateral Fund (pursuant to Section 4.08(c) hereof) and in part with amounts held by the Title Company, as applicable and (viii) all security related to the Mortgage Loan shall be released or assigned to the Freddie Mac Seller/Servicer. If the Conditions to Conversion are not satisfied on or before the Forward Commitment Maturity Date, the Loan will not convert from the Construction Phase to the Permanent Phase, and neither the Freddie Mac Seller/Servicer nor Freddie Mac will have any obligation with respect to the purchase of the Governmental Note.

(c) Provided the Trustee received the Notice of Conversion confirming all Conditions to Conversion are satisfied, the Issuer and Trustee agree to execute and deliver the Funding Loan Agreement, the Governmental Note and Project Loan Agreement on the Conversion Date, subject to the completion of the attached forms, including filling in the Conversion Date designated in the Notice of Conversion, the Actual Project Loan Amount and attaching the final amortization schedule (based solely on the information set forth in the Notice of Conversion delivered to the Trustee) in accordance with subsection (d) below.

(d) The Governmental Note shall mature on the Maturity Date, subject to earlier prepayment as provided in the Funding Loan Agreement. The unpaid principal balance of the Governmental Note shall be paid on the dates and in the amounts set forth on the initial Funding Loan Amortization Schedule provided on the Closing Date and attached as Schedule 1 to the Governmental Note (the "*Funding Loan Amortization Schedule*") if the Conversion Date occurs on or prior to the initial Forward Commitment Maturity Date. If the Forward Commitment Maturity Date is extended by Freddie Mac in accordance with the Freddie Mac Commitment and the Construction Phase Financing Agreement, the first principal payment date under the Funding Loan Amortization Schedule shall automatically be extended to (i) the first day of the month immediately succeeding the Conversion Date if the Conversion Date occurs on the first calendar day of a month or (ii) the first day of the second month immediately succeeding the Conversion Date if the Conversion occurs on a day other than the first calendar day of the month (in either

case, with the succeeding principal installments remaining consistent with the original schedule but for them occurring on later dates). Any change of amortization shall be subject to the receipt by the Trustee and the Issuer of an opinion of Bond Counsel (which shall be addressed to the Funding Lender Representative, the Freddie Mac Seller/Servicer, and Freddie Mac) on or prior to the Conversion Date to the effect that such change of the Funding Loan Amortization Schedule will not adversely affect the tax exempt status of interest on the Governmental Note. Additionally, in the event the outstanding amount of the Funding Loan on the Conversion Date is greater than or less than the starting principal amount set forth in the initial Funding Loan Amortization Schedule, a new Funding Loan Amortization Schedule will be generated on the Conversion Date at such lesser outstanding principal amount based on the parameters set forth in the Freddie Mac Commitment and Funding Loan Agreement, subject to receipt of an opinion of Bond Counsel as aforesaid. In the event the initial Funding Loan Amortization Schedule is modified in accordance with this Section 2.12(d), a replacement Funding Loan Amortization Schedule will be provided by the Freddie Mac Seller/Servicer which will be attached to the Governmental Note on the Conversion Date. All unpaid principal and all accrued and unpaid interest outstanding under the Governmental Note shall be due and payable on the Maturity Date.

(e) In addition to the Conditions to Conversion set forth in the Freddie Mac Commitment and the Construction Phase Financing Agreement, Conversion shall be conditioned upon the delivery of the items set forth in Section 2.10 of the Funding Loan Agreement.

ARTICLE III

MANDATORY TENDER AND REMARKETING OF BONDS

Section 3.01. Mandatory Tender. (a) All Outstanding Bonds shall be subject to mandatory tender by the Holders for purchase in whole and not in part on each Mandatory Tender Date. The purchase price for each such Bond shall be payable in lawful money of the United States of America by check or draft, shall equal 100% of the principal amount to be purchased and accrued interest, if any, to the Mandatory Tender Date, and shall be paid in full on the applicable Mandatory Tender Date. Notwithstanding the foregoing, if the Notice of Conversion has not been delivered establishing the Conversion Date and resulting Mandatory Tender Date the Bonds must be remarketed on such Mandatory Tender Date subject to meeting the requirements set forth below.

(b) The Mandatory Tender Dates shall consist of (i) the earliest of (A) the Initial Mandatory Tender Date and (B) the Conversion Date, and (ii) any subsequent dates for mandatory tender of the Bonds established by the Borrower with the consent of the Remarketing Agent in connection with a remarketing of the Bonds pursuant to Section 3.03 hereof.

(c) While tendered Bonds are in the custody of the Trustee pending purchase pursuant hereto, the tendering Holders thereof shall be deemed the owners thereof for all purposes, and interest accruing on tendered Bonds through the day preceding the applicable Mandatory Tender Date is to be paid as if such Bonds had not been tendered for purchase.

(d) Notwithstanding anything herein to the contrary, any Bond tendered under this Section 3.01 will not be purchased if such Bond matures or is redeemed on or prior to the applicable Mandatory Tender Date.

(e) The Trustee shall utilize the following sources of payments to pay the tender price of the Bonds not later than 2:30 p.m. Local Time on the Mandatory Tender Date in the following priority: (i) amounts representing proceeds of remarketed Bonds deposited in the Remarketing Proceeds Account, to pay the principal amount, plus accrued interest, of Bonds tendered for purchase, (ii) on the Conversion Date, amounts on deposit in the Permanent Loan Purchase Fund, to pay the tender price of Bonds tendered for purchase in an amount equal to the Actual Project Loan Amount, (iii) on any Mandatory Tender Date other than the Conversion Date, amounts on deposit in the Bond Fund, to pay the principal amount of Bonds tendered for purchase (following the transfer to the Bond Fund from the Collateral Fund described in Section 4.08(c)(ii) hereof), (iv) amounts on deposit in the Negative Arbitrage Account of the Bond Fund to pay the accrued interest; if any, on Bonds tendered for purchase, (v) any available interest earnings on amounts on deposit in the Project Fund to pay the accrued interest, if any, on the Bonds tendered for purchase and (vi) any other Eligible Funds available or made available for such purpose at the direction of the Borrower, with the consent of the Issuer.

(f) Bonds shall be deemed to have been tendered for purposes of this Section 3.01 whether or not the Holders shall have delivered such Undelivered Bonds to the Trustee, and subject to the right of the Holders of such Undelivered Bonds to receive the purchase price of such Bonds and interest accrued thereon to the Mandatory Tender Date, such Undelivered Bonds shall be null and void. If such Undelivered Bonds are to be remarketed, the Trustee shall authenticate and deliver new Bonds in replacement thereof pursuant to the remarketing of such Undelivered Bonds.

(g) With respect to any mandatory tender on the Conversion Date, at the written direction of the Borrower, the Trustee shall sell or redeem Eligible Investments on deposit in the Project Fund and Collateral Fund and transfer the proceeds thereof to the Bond Fund, and use such funds, along with any deposit of Eligible Funds from the Borrower as described in (h) below, to redeem Bonds in the Conversion Redemption Amount at the mandatory redemption price thereof.

(h) In the event of a mandatory tender prior to the Initial Mandatory Tender Date, the Borrower shall comply with the provisions of Section 6.01(e) hereof not less than two Business Days prior to the applicable Mandatory Tender Date.

Section 3.02. Mandatory Tender Notice. (a) Not less than thirty (30) days preceding a Mandatory Tender Date (or ten (10) days in connection with a Mandatory Tender Date that is the Conversion Date), the Trustee shall give written notice of mandatory tender to the Holders of the Bonds then Outstanding (with a copy to the Borrower, the Investor Limited Partner, and the Remarketing Agent) by Electronic Means or by first class mail, postage prepaid, at their respective addresses appearing on the Register stating:

(i) the Mandatory Tender Date and that (a) all Outstanding Bonds are subject to mandatory tender for purchase on the Mandatory Tender Date, (b) all Outstanding Bonds must be tendered for purchase no later than 12:00 Noon Local Time on the Mandatory Tender Date and (c) Holders will not have the right to elect to retain their Bonds;

(ii) the address of the Designated Office of the Trustee at which Holders should deliver their Bonds for purchase and the date of the required delivery;

(iii) that all Outstanding Bonds will be purchased on the Mandatory Tender Date at a price equal to the principal amount of the Outstanding Bonds plus interest accrued to the Mandatory Tender Date;

(iv) any Bonds not tendered will nevertheless be deemed to have been tendered and will cease to bear interest from and after the Mandatory Tender Date; and

(v) in the case of a proposed mandatory tender on the Conversion Date that the notice of mandatory tender is conditioned upon the Conversion occurring on or prior to such date.

(b) In the event that any Bond required to be delivered to the Trustee for payment of the purchase price of such Bond shall not have been delivered to the Trustee on or before the 20th day following a Mandatory Tender Date, the Trustee shall mail a second notice to the Holder of the Bond at its address as shown on the Register setting forth the requirements set forth in this Indenture for delivery of the Bond to the Trustee and stating that delivery of the Bond to the Trustee (or compliance with the provisions of this Indenture concerning payment of lost, stolen or destroyed Bonds) must be accomplished as a condition to payment of the purchase price or redemption price applicable to the Bond.

(c) Neither failure to give or receive any notice described in this Section 3.02, nor the lack of timeliness of such notice or any defect in any notice (or in its content) shall affect the validity or sufficiency of any action required or provided for in this Section 3.02.

(d) Notice delivered as required in this Section 3.02 with respect to a mandatory tender pursuant to Section 3.01(b)(i)(B) hereof may be rescinded and annulled on or before the tender date set forth in such notice if Conversion does not occur by the Conversion Date.

Section 3.03. Remarketing of Bonds. (a) No later than 11:00 a.m. Local Time on the 35th day prior to each Mandatory Tender Date (or the 10th day prior to a Mandatory Tender Date due to the Conversion Date), the Trustee shall give notice to the Borrower, the Investor Limited Partner, and the Remarketing Agent by telephone or telecopy, confirmed on the same day in writing, or by other Electronic Means, which states the Mandatory Tender Date and that all of the Bonds are to be tendered or deemed to be tendered on the Mandatory Tender Date pursuant to Section 3.01 hereof, which shall be all Outstanding Bonds; provided however, that all references to Outstanding Bonds in the context of the mandatory tender on the Conversion Date shall refer to and include only the Outstanding Bonds not being redeemed in the Conversion Redemption Amount.

(b) No later than 11:00 a.m. Local Time on the 30th day prior to the Mandatory Tender Date then in effect (excluding a Mandatory Tender Date in connection with the Conversion Date), if the Borrower elects to cause the Bonds to be remarketed, the Borrower must give notice to the Remarketing Notice Parties by telephone or telecopy, confirmed on the same day in writing, of such election. A remarketing of the Bonds shall be permitted only if the following conditions are satisfied no later than the time the foregoing election notice is given:

(i) Notice is given by the Borrower to the Issuer, the Investor Limited Partner, the Remarketing Agent and the Trustee of the Remarketing Period pursuant to and in accordance with Section 4.05 of the Loan Agreement;

(ii) Delivery to the Issuer, the Trustee and the Remarketing Agent of a preliminary Cash Flow Projection with respect to the proposed Remarketing Period; and

(iii) The Borrower shall have notified the Trustee in writing that it has approved as to form and substance any disclosure document or offering materials which, in the Opinion of Counsel to the Remarketing Agent, is necessary to be used in connection with the remarketing of the Outstanding Bonds.

(c) Not less than ten (10) days before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Bonds Outstanding on the Remarketing Date at a price equal to 100% of the principal amount of such Bonds plus, if such Remarketing Date is a date other than an Interest Payment Date, accrued interest on such Bonds from the preceding Interest Payment Date to which interest has been paid. Not less than four (4) Business Days before each Remarketing Date, the Remarketing Agent shall give notice, by telephone or telecopy, promptly confirmed in writing, to the Remarketing Notice Parties specifying the principal amount of Bonds, if any, it has remarketed (including Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account), the Remarketing Rate(s) and the Remarketing Period applicable to the Bonds.

The Remarketing Agent shall remarket any Bond tendered pursuant to Section 3.01 hereof; *provided, however*, that no such Bond shall be remarketed at a price less than 100% of the principal amount thereof plus accrued interest (if any) without the prior written consent of the Borrower and the Class B Limited Partner; and *provided, further*, that the purchase price of any Bond paid to the tendering Holder allocable to such discount shall be paid with Eligible Funds made available by the Borrower therefor and on deposit with the Trustee prior to the remarketing of such Bonds. The Remarketing Agent shall have the right to purchase any Bond tendered or deemed tendered pursuant to Section 3.01 hereof at 100% of the principal amount thereof, and to thereafter sell such Bond. Any such purchase shall constitute a remarketing hereunder.

The Remarketing Agent shall not remarket any Bond to the Issuer, the Borrower, any guarantor of the Bonds or any person which is an “insider” of the Issuer, Borrower, or any such guarantor within the meaning of the Bankruptcy Code.

(d) If, not less than four (4) or two (2) Business Days, as applicable, preceding the Remarketing Date:

(i) if, not less than four (4) Business Days preceding the Remarketing Date, the Remarketing Agent shall have notified the Trustee in writing of the remarketing of the Outstanding Bonds and that the proceeds from the remarketing (including proceeds of remarketing of Outstanding Bonds to be purchased by the Remarketing Agent on the Remarketing Date for its own account) and other Eligible Funds equal to the amount needed to purchase the remarketed Bonds on the Remarketing Date are expected to be

available to the Trustee on the Remarketing Date for deposit into the Remarketing Proceeds Account;

(ii) if, not less than four (4) Business Days preceding the Remarketing Date, the Trustee shall have received written notice from the Remarketing Agent that the Remarketing Agent has received a confirmation of the rating from the Rating Agency, together with a copy of such confirmation from the Rating Agency;

(iii) if, not less than two (2) Business Days preceding the Remarketing Date, there shall be on deposit with the Trustee, from Eligible Funds provided by the Borrower an amount sufficient to pay the Extension Payment set forth in the Cash Flow Projection for deposit to the Negative Arbitrage Account of the Bond Fund with respect to the payment of interest and principal during the new Remarketing Period;

(iv) if, not less than two (2) Business Days preceding the Remarketing Date, there shall either (A) be on deposit with the Trustee in the Costs of Issuance Fund an amount sufficient to pay the estimated Remarketing Expenses as certified in writing to the Trustee by the Borrower, or (B) the Remarketing Agent shall have certified in writing to the Trustee that provision for the payment of the estimated Remarketing Expenses shall have been made to the satisfaction of the Remarketing Agent;

then the Trustee shall immediately give notice, by telephone or telecopy, which notice shall be immediately confirmed in writing, to the Remarketing Agent, the Borrower and the Investor Limited Partner that (a) all conditions precedent set forth in this Section 3.03(d) to the remarketing of the Outstanding Bonds have been satisfied and (b) the sale and settlement of the Outstanding Bonds is expected to occur on the Remarketing Date. Following the Trustee's notice, the Outstanding Bonds shall be sold to the purchasers identified by the Remarketing Agent for delivery and settlement on the Remarketing Date, and the Trustee shall apply the funds in the Remarketing Proceeds Account of the Bond Fund on the Remarketing Date to payment of the purchase price of the Outstanding Bonds.

(e) If, not less than four (4) or two (2) Business Days, as applicable, preceding a Remarketing Date, any condition set forth in paragraph (d) of this Section 3.03 has not been satisfied, then, unless the Outstanding Bonds are otherwise purchased on the Remarketing Date, the Remarketing Agent shall not sell any of the Outstanding Bonds on the Remarketing Date.

(f) No later than 11:00 a.m. Local Time on each Remarketing Date, the Remarketing Agent shall pay to the Trustee, in immediately available funds, the proceeds theretofore received by the Remarketing Agent from the remarketing of Bonds tendered for purchase on such Remarketing Date; *provided* that the Remarketing Agent may use its best efforts to cause the purchasers of the remarketed Bonds to pay the purchase price plus accrued interest (if any) to the Trustee in immediately available funds. The proceeds from the remarketing of the Bonds shall be segregated from any funds of the Borrower and the Issuer and shall in no case be considered to be or be assets of the Borrower or the Issuer. Funds representing remarketing proceeds received by the Remarketing Agent after 11:00 a.m. Local Time on each Remarketing Date shall be paid to the Trustee as soon as practicable upon such receipt.

(g) On or before the Business Day next preceding each Remarketing Date, the Remarketing Agent, by telephonic advice, shall notify the Trustee of (i) the principal amount of Bonds to be sold by the Remarketing Agent pursuant to this Section 3.03 hereof and the purchase price, and, unless the Bonds are then in the Book Entry System, the names, addresses and social security numbers or other tax identification numbers of the proposed purchasers thereof and (ii) the principal amount of Bonds tendered for purchase on such Remarketing Date which will not be sold by the Remarketing Agent pursuant to this Section 3.03 hereof. Such telephonic advice shall be confirmed by written notice delivered or electronically communicated at the same time as the telephonic advice.

Bonds purchased by the Trustee on a Mandatory Tender Date that have been remarketed shall be delivered to the purchasers thereof as directed by the Remarketing Agent. Bonds delivered as provided in this Section shall be registered in the manner directed by the recipient thereof.

Section 3.04. Mandatory Redemption. The Bonds are subject to mandatory redemption as follows: (a) in whole, on any Mandatory Tender Date other than the Conversion Date, upon the occurrence of any of the following events: (i) the Borrower has not previously elected pursuant to Section 3.03 hereof and Section 4.05 of the Loan Agreement to cause the remarketing of the Bonds, (ii) the conditions to remarketing set forth in Section 3.03(b) or Section 3.03(d) have not been met by the dates and times set forth therein, or (iii) the proceeds of a remarketing on deposit in the Remarketing Proceeds Account at 11:00 a.m. Local Time on the Mandatory Tender Date are insufficient to pay the purchase price of the Outstanding Bonds on such Mandatory Tender Date. The Bonds shall be redeemed at a redemption price equal to 100% of the principal amount of such Bonds plus accrued interest to the applicable Redemption Date from funds on deposit in, or transferred from, the Bond Fund, the Collateral Fund, and the Project Fund and (b) in part on the Conversion Date, in an amount necessary to reduce the aggregate principal amount of Outstanding Bonds to the Actual Project Loan Amount, as required to satisfy the Conditions to Conversion (such amount, the “*Conversion Redemption Amount*”).

Section 3.05. Optional Redemption; Notice of Redemption. The Bonds are subject to optional redemption prior to their maturity, at written direction of the Borrower, either in whole or in part, on any date on or after the later to occur of (i) the date that the Project is placed in service, as certified in writing by the Borrower to the Trustee, and (ii) the Optional Call Date, at a redemption price equal to the principal amount of the Bonds to be redeemed, plus accrued interest, but without premium, to the applicable Redemption Date. Bonds subject to redemption in accordance with this paragraph shall be redeemed from (i) amounts on deposit in the Collateral Fund, (ii) amounts on deposit in the Bond Fund, other than funds in the Negative Arbitrage Account therein, (iii) amounts on deposit in the Project Fund, and (iv) any other Eligible Funds available or made available for such purpose at the direction of the Borrower. In connection with any optional redemption of the Bonds prior to the applicable Mandatory Tender Date, the Trustee is permitted to sell Eligible Investments or redeem Eligible Investments prior to maturity at a price below par only if the Trustee receives, not less than two Business Days prior to the applicable Redemption Date, a Cash Flow Projection and any Eligible Funds required pursuant to such Cash Flow Projection.

The Trustee shall receive written notice from the Borrower at least five (5) Business Days prior to the required notice mailing date of the Borrower’s intention to conduct an optional

redemption. For Bonds subject to optional redemption pursuant to this section, the Trustee shall give at least thirty (30) calendar days' notice (or, with respect to the Securities Depository, such shorter period in order to comply with the policies or procedures of the Securities Depository), in the name of the Issuer, of the redemption of the Bonds, which notice shall be provided to the Securities Depository and made available on the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board, specifying (i) the maturity and principal amounts of the Bonds to be redeemed; (ii) the CUSIP number, if any, of the Bonds to be redeemed; (iii) the date of such notice; (iv) the issuance date for such Bonds; (v) the interest rate on the Bonds to be redeemed; (vi) the planned Redemption Date; (vii) any conditions to the occurrence of the redemption (including whether such notice shall be subject to rescission if the conditions are not satisfied); (viii) the place or places where amounts due upon such redemption will be payable; (ix) the redemption price; (x) the Trustee's name and address with a contact and a phone number, if necessary or convenient as determined by the Trustee; and (xi) that on the Redemption Date, the redemption price shall be paid and from and after such date, interest on the Bonds so called for redemption shall cease to accrue, said Bonds (or portions thereof) shall cease to be entitled to any benefit or security under this Indenture, and the Owners of said Bonds shall have no rights in respect thereof except to receive payment of said redemption price. Neither the giving of such notice by the Trustee nor the receipt of such notice by the Bondholder, nor any defect in such notice shall affect the sufficiency of the proceedings for redemption of any Bonds or constitute a condition precedent to the effectiveness of any such redemption. The Bonds to be redeemed in part pursuant shall be selected in accordance with the operational arrangements of DTC or any successor Securities Depository, and any payments in respect of a redemption in part shall be made in accordance with DTC procedures.

Section 3.06. Cancellation of Bonds. The Trustee shall immediately cancel Bonds if the tender price of the Bonds is paid from amounts other than proceeds derived from the remarketing of the Bonds; *provided, however*, on the Conversion Date only a portion of the Bonds shall be cancelled such that the outstanding principal amount is equal to the Actual Project Loan Amount (which remaining outstanding principal balance of the Bonds in the amount of the Actual Project Loan Amount shall be converted into the Governmental Note in accordance with Section 2.12 hereof).

ARTICLE IV REVENUES AND FUNDS

Section 4.01. Creation of Funds. The following trust funds are hereby created and established by the Trustee, to be maintained in the custody of the Trustee each as a separate trust account, to be used for the purposes as hereinafter provided in this Indenture:

(a) *Bond Fund.* The Bond Fund, and within the Bond Fund, the "Negative Arbitrage Account" and the "Remarketing Proceeds Account".

(b) *Project Fund.* The Project Fund.

(c) *Rebate Fund.* The Rebate Fund, which Fund shall be administered in accordance with the provisions of Section 4.06 of this Indenture. Moneys held in the Rebate Fund are not held for the benefit of the Owners and are not part of the Trust Estate.

(d) *Costs of Issuance Fund.* Moneys held in the Costs of Issuance Fund that are not proceeds of the Bonds are not held for the benefit of the Owners and are not part of the Trust Estate. Any moneys held in the Costs of Issuance Fund that are proceeds of the Bonds are held for the benefit of the Owners and are part of the Trust Estate.

(e) *Collateral Fund.*

(f) *Permanent Loan Purchase Fund.*

The Trustee may create from time to time one or more accounts or subaccounts within any fund authorized by this Indenture for the purpose of accounting for funds deposited into or held in each fund or for carrying out any of the requirements of this Indenture. The Trustee may transfer funds between accounts and subaccounts within any fund.

In the event certain moneys are deposited with the Trustee prior to the Closing Date, whether or not pursuant to one or more letters of instruction from the provider or providers of such moneys, such moneys shall be held by the Trustee subject to the terms and conditions of this Indenture, in addition to the terms of any such letter(s) of instruction. For such purpose, the standards of care, any provisions governing the responsibilities and indemnification and other provisions relating to the Trustee contained in this Indenture and in the Loan Agreement (the “Effective Provisions”) shall be effective as of the first date of receipt by the Trustee of such moneys. The Effective Provisions shall be deemed incorporated into any such letter(s) of instructions.

Section 4.02. Deposits into and Use of Moneys in the Bond Fund. On the Closing Date, the Trustee shall deposit the Initial Deposit, if any, into the Negative Arbitrage Account of the Bond Fund; the Bond Fund and amounts on deposit in the Bond Fund are to be invested pursuant to Section 6.01 hereof. Any Extension Payment received by the Trustee in connection with an extension of the Mandatory Tender Date pursuant to Section 3.03 hereof shall also be deposited into the Negative Arbitrage Account. The Trustee is authorized and directed to release funds in the Negative Arbitrage Account to the Borrower upon receipt of an updated Cash Flow Projection and a rating confirmation from the Rating Agency.

Bond Service Charges shall be payable as they become due, (i) in the first instance from money on deposit in the Bond Fund (excluding the Negative Arbitrage Account therein), (ii) next from money on deposit in the Negative Arbitrage Account of the Bond Fund, (iii) next from money on deposit in the Collateral Fund and transferred as necessary to the Bond Fund and (iv) thereafter, from money on deposit in the Project Fund and transferred as necessary to the Bond Fund.

Except as provided in Section 4.05 hereof, moneys in the Bond Fund shall be used solely for the payment of the principal of and interest on the Bonds when due.

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

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

Section 4.05. Payment to Borrower of Excess Moneys in Bond Fund. Any amounts remaining in the Bond Fund (except for amounts then held by the Trustee for payment of principal of, or interest on any of the Bonds) after payment in full of the purchase price of the Bonds on the Conversion Date, and other costs associated with the conversion of the Bonds, and payment in full, or provision for payment, of the final Rebate Amount and payment in full of any outstanding fees and expenses of the Paying Agent, the Issuer and the Trustee and any other fees and expenses due under the Documents, shall, upon written instruction to the Trustee from the Borrower, be deposited into the Loan Payment Fund established under the Funding Loan Agreement or for any other purpose *provided* that the Trustee is furnished with an opinion of Bond Counsel to the effect that such investment or purpose will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

Section 4.06. Rebate Fund; Rebate Amount.

(a) There is hereby created and established with the Trustee a separate trust fund which shall be designated the “Rebate Fund” (and is herein called the “Rebate Fund”), which shall be held and applied only as provided in this Section. The Trustee shall maintain the Rebate Fund, for the benefit of all persons who are or have at any time been Bondholders, at all times prior to the final payment to the United States of America of the amounts described in Subsection (c) of this Section which fund shall not be part of the trust estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and Investment Income therefrom, shall be held in trust separately and apart from the other funds held under the Indenture and applied solely as provided in this Section, unless in the opinion of Bond Counsel failure to make such application will not adversely affect any exclusion from gross income of interest on the Bonds under the Code.

(b) The Trustee shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Trustee by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. The Trustee shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund.

(c) (i) Within 30 days after each Computation Date, the Trustee, on behalf of the Issuer, shall withdraw from the Rebate Fund and pay to the United States of America

the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by Section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its legal counsel and as provided in subsection (iii) below.

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

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

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

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

(f) If at any time during the term of this Indenture the Borrower, the Issuer or the Trustee desires to take any action which would otherwise be prohibited by the terms of this Section, such Person shall be permitted to take such action if it shall first obtain and provide at the expense of the Borrower to the other Persons named herein an opinion of Bond Counsel to the effect that such action shall not adversely affect the exclusion of interest on the Bonds from gross income of the owners of any Bond for Federal income tax purposes and shall be in compliance with the laws of the State of Texas.

(g) Notwithstanding any provision of the bond documents or mortgage loan documents and unless otherwise specifically agreed to in a separate written agreement, the Trustee shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling, or other

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

Section 4.07. Costs of Issuance Fund. On the Closing Date, the Trustee shall deposit the Costs of Issuance Deposit, if any, into the Costs of Issuance Fund to pay the costs of issuance from amounts available therein, which costs of issuance shall not exceed the amounts set forth in a certificate of the Issuer. The Trustee shall disburse funds on deposit in the Costs of Issuance Fund upon receipt by the Trustee of Requisitions substantially in the form attached as Appendix B hereto. Any funds remaining in the Costs of Issuance Fund more than one hundred eighty (180) days after the Closing Date, and not specifically committed to the payment of Costs of Issuance, shall be returned to the Borrower, to the extent such funds are not Bond proceeds or otherwise restricted funds. If such remaining funds are Bond proceeds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund. Upon disbursement of all funds from the Costs of Issuance Fund, the Costs of Issuance Fund shall be closed.

Section 4.08. Collateral Fund; Project Fund. (a) Upon receipt, the Trustee shall deposit into the Collateral Fund all Eligible Funds received pursuant to Section 4.06 of the Loan Agreement and any other Eligible Funds received by the Trustee for deposit into the Collateral Fund. Section 4.06 of the Loan Agreement requires the Borrower to cause Eligible Funds to be delivered to the Trustee for deposit into the Collateral Fund in a principal amount equal to, and as a prerequisite to the disbursement of, the amount of Bond proceeds on deposit in the Project Fund to be disbursed by the Trustee to pay Project Costs.

(b) Each deposit into the Collateral Fund shall constitute an irrevocable deposit solely for the benefit of the Holders, subject to the provisions hereof.

(c) The Trustee shall transfer money in the Collateral Fund as follows: (i) on the Conversion Date, (A) first, to the Bond Fund in an amount sufficient to cause the partial redemption of the Bonds in the Conversion Redemption Amount as set forth in the Notice of

Conversion, and (B) second, to or at the direction of the Lender, in partial repayment of the outstanding principal balance of the Mortgage Loan, (ii) on a Mandatory Tender Date other than the Conversion Date, to the Bond Fund, the amount necessary to pay the purchase price of the Bonds, to the extent amounts on deposit in the Remarketing Proceeds Account and the Negative Arbitrage Account of the Bond Fund are insufficient therefor; and (iii) on any Redemption Date, to the Bond Fund the amount, together with amounts on deposit in the Bond Fund, necessary to pay the principal and interest due on the Bonds on such date.

(d) The Bonds shall not be, and shall not be deemed to be, paid or prepaid by reason of any deposit into the Collateral Fund unless and until the amount on deposit in the Collateral Fund is transferred to the Bond Fund and applied to the payment of the principal of any of the Bonds or the principal component of the redemption price of any of the Bonds, all as provided in this Indenture.

(e) To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

(f) The Trustee shall cause to be kept and maintained adequate records pertaining to the Project Fund and all disbursements therefrom. If requested by the Issuer or the Borrower, after the Project has been completed and a certificate of payment of all costs is filed as provided herein, the Trustee shall file copies of the records pertaining to the Project Fund and disbursements therefrom with the Issuer and the Borrower.

(g) Each Requisition submitted to the Trustee shall evidence and request disbursements from the Project Fund and/or the Costs of Issuance Fund.

(h) Notwithstanding any other provision of this Indenture to the contrary, after the Closing Date the Trustee shall not disburse moneys from the Project Fund, other than to pay Bond Service Charges on the Bonds, unless and until the Trustee receives Eligible Funds in an amount equal to or greater than the requested disbursement amount (the “*Collateral Deposit*”) for deposit into the Collateral Fund. Prior to making any disbursement, the Trustee shall verify that upon making the disbursement, the aggregate amount to be held in (i) the Collateral Fund and (ii) the Project Fund will be at least equal to the then-Outstanding principal amount of the Bonds and that such amounts, together with amounts on deposit in the Bond Fund (including the Negative Arbitrage Account therein) and projected investment earnings on all such amounts, will be sufficient to pay Bond Service Charges on the outstanding Bonds as and when they become due. In the event that, following receipt of the Collateral Deposit, the Trustee determines that it cannot correspondingly disburse Bond proceeds to or at the direction of the Borrower or the Lender, the Trustee shall promptly, and in any event within one (1) Business Day notify the Borrower and the Lender, as applicable, of the reason for such determination and shall, promptly upon the request of the Borrower or the Lender, return the subject Collateral Deposit to the party that deposited such Collateral Deposit with the Trustee.

(i) The proceeds of the Bonds shall be allocated exclusively to pay costs that (i) are (A) capital expenditures (as defined in Section 1.150-1(a) of the Code's regulations) and (B) not made for the acquisition of existing property, to the extent prohibited in Section 142(d) of the Code; and (ii) shall be deemed allocated on a pro rata basis to each building in the Project and the land on which it is located, so that each building and the land on which it is located will have been financed fifty percent (50%) or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code; *provided, however*, the foregoing representation, covenant and warranty is made for the benefit of the Borrower and its partners and neither the Trustee nor the Issuer shall have any obligation to enforce this covenant nor shall they incur any liability to any person, including without limitation, the Borrower, the partners of the Borrower, any other affiliate of the Borrower or the holders of the Bonds for any failure to meet the intent expressed in the foregoing representation, covenant and warranty; and *provided, further*, failure to comply with this representation, covenant and warranty shall not constitute a default or Event of Default under this Indenture.

(j) Upon the occurrence and continuance of an Event of Default hereunder because of which the principal amount for the Bonds has been declared to be due and immediately payable under this Indenture, any moneys remaining in the Project Fund shall be promptly transferred by the Trustee to the Bond Fund for payment of Bond Service Charges.

(k) Notwithstanding anything to the contrary hereto, on the Conversion Date, the Issuer may direct the Trustee in writing to deposit to the Collateral Fund amounts provided by the Issuer and described in clause (h) of the definition of Eligible Funds for further transfer to the Bond Fund to be applied to the principal portion of any partial redemption of the Bonds, all in furtherance of the Issuer's program of volume cap recycling.

Section 4.09. Permanent Loan Purchase Fund. The Trustee shall establish and maintain a separate fund to be known as the "Permanent Loan Purchase Fund." On or before the Conversion Date, the Freddie Mac Seller/Servicer shall cause funds in an amount equal to the Actual Project Loan Amount as set forth in the Notice of Conversion to be deposited into the Permanent Loan Purchase Fund. On the Conversion Date, all funds in the Permanent Loan Purchase Fund shall be applied by the Trustee towards the payment of the purchase price of Bonds in a principal amount equal to the Actual Project Loan Amount. After such purchase, the Permanent Loan Purchase Fund shall be closed.

ARTICLE V

CUSTODY AND APPLICATION OF BOND PROCEEDS

Section 5.01. Custody and Application of Project Fund and Bond Fund. On the Closing Date, the proceeds received upon the issuance and sale of the Bonds shall be deposited into the Project Fund and invested by the Trustee as set forth in Section 6.01 hereof.

Section 5.02. Procedure for Making Disbursements from Project Fund. Upon the delivery to the Trustee of (i) a signed Requisition in substantially the form attached as Appendix B hereto, (ii) Eligible Funds in an amount equal to the amount of Bond proceeds being requested for disbursement pursuant to such Requisition, as provided in Section 4.08 hereof, and (iii) certification by a Borrower Representative that the Costs of the Project intended to be paid

with such Bond proceeds are qualified costs pursuant to Section 142 of the Code, the Trustee shall, on such date, deposit such Eligible Funds into the Collateral Fund and disburse from the Project Fund Bond proceeds, in the amount set forth in the applicable Requisition, solely to pay Costs of the Project. To the extent money on deposit in the Project Fund is invested in Eligible Investments, the Trustee shall not sell or otherwise terminate such Eligible Investments prior to their stated maturity date and instead the Trustee is hereby instructed to make the following allocations and exchanges, which allocations and exchanges shall occur prior to the disbursement of amounts on deposit in the Project Fund to pay Costs of the Project: (a) allocate all or a portion of the Eligible Investments in the Project Fund, in the amount specified in the request for disbursement, to the Collateral Fund, and (b) transfer to the Project Fund a like amount of Eligible Funds on deposit in the Collateral Fund to be disbursed in accordance with this Section.

The Trustee shall not disburse money from the Project Fund, other than to pay interest and principal on the Bonds as otherwise permitted hereunder, unless and until Eligible Funds in an amount equal to or greater than the requested disbursement amount have been deposited into the Collateral Fund in accordance with Section 4.08 hereof; *provided, however*, that the Trustee shall transfer funds from the Project Fund to the Collateral Fund upon receipt of an opinion of Bond Counsel to the effect that such transfer shall not cause the interest on any of the Bonds to be or become includible in the gross income of the owners thereof for federal income tax purposes. In accordance with Section 3.03 of the Loan Agreement, and prior to making any disbursement from the Project Fund (except to make necessary interest and principal payments on the Bonds as otherwise permitted hereunder), the Trustee shall determine that the aggregate account balance in (a) the Collateral Fund and (b) the Project Fund (less the requested disbursement amount) is at least equal to the then-Outstanding principal amount of the Bonds, and that such amounts, together with amounts on deposit in the Bond Fund (including the Negative Arbitrage Account therein) and projected investment earnings on all such amounts, will be sufficient to pay Bond Service Charges on the outstanding Bond as and when they become due.

Money in the Project Fund shall be disbursed in accordance with the provisions of Section 3.03 of the Loan Agreement and this Section 5.02. To the extent moneys are not otherwise provided to the Trustee to make the necessary interest and principal payments on each Interest Payment Date, including moneys deposited into the Bond Fund or the Collateral Fund, the Trustee shall, without further written direction, transfer from the Project Fund to the Bond Fund sufficient Eligible Funds to make such necessary interest and principal payments on each Interest Payment Date.

Notwithstanding anything contained in this Indenture or any of the Borrower Documents to the contrary: (a) with respect to Eligible Funds funded by the Lender for deposit into the Collateral Fund, the Trustee shall be irrevocably and unconditionally obligated to disburse an equal amount of funds from the Project Fund to either the Lender, the Borrower or the Title Company pursuant to a Requisition as directed by the Lender. Such disbursements shall be made pursuant to a Requisition and shall not be made more frequently than once per month.

Subject to the Trustee's obligation to return the Eligible Funds to the Lender as set forth in this Section 5.02, the Trustee and the Issuer shall not, in any event, be responsible or liable to any person (other than the Borrower, but only in the case of the Trustee, and only in the event of a failure by the Trustee to make disbursements following request for disbursements in accordance

with the Documents, which failure is finally adjudicated by a court of competent jurisdiction to have been directly caused by the gross negligence or willful misconduct of the Trustee) for the disbursement of, or failure to disburse, moneys from the Project Fund or any part thereof, and no contractor, subcontractor or material or equipment supplier or their respective successors and assigns shall have any right or claim against the Trustee or the Issuer under this Indenture.

Notwithstanding anything contained in this Indenture or any of the Borrower Documents to the contrary, if for any reason the Trustee is not able to disburse a corresponding amount of Bond proceeds from the Project Fund to or at the direction of the Lender immediately following receipt of Eligible Funds from the Lender for deposit into the Collateral Fund, the Trustee shall promptly wire transfer such funds back to the Lender and not deposit same into the Collateral Fund.

Section 5.03. Trustee May Rely on Requisitions and Certifications. In making any disbursement from the Project Fund, the Trustee may conclusively rely, without investigation or inquiry, on any requests, requisitions and/or confirmations delivered to it pursuant to Section 5.02 hereof, and the Trustee shall be relieved of all liability with respect to making such disbursements in accordance with such requests, requisitions and confirmations. In making any disbursements from the Costs of Issuance Fund, the Trustee may conclusively rely on any requests, requisitions and confirmations delivered to it pursuant to Section 4.07 hereof, and the Trustee shall be relieved of all liability with respect to making such disbursements in accordance with such requests, requisitions and confirmations. The Trustee is not responsible for receiving or reviewing backup for requisitions.

Section 5.04. Completion of Project. The completion of the Project and the payment of all costs and expenses incident thereto shall be evidenced for the Project by the filing with the Trustee of (a) the Completion Certificate required by the provisions of Section 3.05 of the Loan Agreement and (b) a certificate signed by the Borrower Representative stating that all obligations and costs in connection with the Project and payable out of the Project Fund have been paid and discharged except for amounts retained by the Trustee for the payment of costs of the Project not then due and payable or then in dispute as provided in the Loan Agreement; *provided, however*, that no amounts necessary to pay principal and interest on the Bonds at maturity shall be held by the Trustee in the Project Fund beyond the Maturity Date. Additionally, the Borrower has agreed pursuant to Section 3.06 of the Loan Agreement that in the event that there are insufficient moneys available in the Project Fund to pay the Costs of the Project, the Borrower will complete the Project and pay the portion of the Costs of the Project in excess of the moneys available therefor in the Project Fund.

Section 5.05. Disposition of Moneys in Project Fund After Completion of Project. Subject to the proviso in Section 5.04 hereof, as soon as practicable after the date of the certificate referred to in clause (b) of Section 5.04 hereof, any balance remaining in the Project Fund (other than the amounts retained by the Trustee referred to in Section 5.04 hereof) shall be deposited into the Bond Fund and used to pay principal of the Bonds when due. To the extent any moneys from any payments made by the Borrower pursuant to the Loan Agreement remain in the Project Fund or Bond Fund after there are no Bonds Outstanding and payment in full, or provision for payment, of the final Rebate Amount and any remaining Trustee Fees, such moneys may be paid directly to the Borrower to the extent such funds are not proceeds of the Bonds or otherwise restricted funds.

If such remaining funds are proceeds of the Bonds or otherwise restricted, such funds shall be deposited by the Trustee into the Bond Fund.

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

ARTICLE VI

INVESTMENT OF FUNDS AND ACCOUNTS

Section 6.01. Investment of Bond Fund, Project Fund, and Collateral Fund. (a) Money in all funds or accounts including the Bond Fund, Project Fund, and Collateral Fund shall be invested and reinvested by the Trustee, and at all times held in Eligible Investments at the written direction of the Borrower as approved by the Issuer. Written direction may include electronic direction. In the absence of written direction of the Borrower, any moneys held under this Indenture shall be invested in (i) the [____], or if such fund is unavailable, (ii) investments described in paragraph (b) of the definition of Eligible Investments at the Borrower's written direction. The Trustee shall have no discretion for investing funds or advising any parties on investing funds, and is not providing investment supervision, recommendations or advice.

(b) At no time shall the Borrower direct that (a) any funds constituting Gross Proceeds (as defined herein) of the Bonds be used in any manner as would constitute failure of compliance with Section 148 of the Code, all as set forth in the Tax Certificates or (b) any funds be held other than in Eligible Investments.

(c) Investments of money in the Bond Fund, Project Fund, and the Collateral Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts necessary to provide money to pay any amounts due on the Bonds as they become due on each Interest Payment Date or at stated maturity or on a Mandatory Tender Date. In addition, investment of money in the Project Fund shall mature or be redeemable at the option of the Trustee at the times and in the amounts as may be necessary to make anticipated payments from the Project Fund. Any investment in the Bond Fund, the Project Fund or the Collateral Fund that are not classified as Eligible Investments shall be invested in Governmental Obligations.

(d) The Trustee shall sell or redeem investments credited to the Bond Fund to produce sufficient money applicable hereunder to and at times required for the purposes of paying any amounts due on the Bonds, and shall do so without necessity for any order on behalf of the Issuer or the Borrower and without restriction by reason of any order. An investment made from money credited to an applicable fund or account shall constitute part of that respective fund or account. All investment earnings from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. All gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Project Fund and the Collateral Fund shall be credited to and become part of the Bond Fund. Following the Closing Date, at the written direction of the Borrower, the Trustee is permitted to purchase, sell or exchange Eligible Investments upon receipt of a Cash Flow Projection. Notwithstanding anything herein to the contrary, (i) earnings received by the Trustee with respect to Eligible Investments purchased for

the purpose of paying Bond Service Charges shall, pending application to pay such Bond Service Charges, be held uninvested pursuant to the terms of this Indenture and (ii) Bond proceeds and the Initial Deposit to the Negative Arbitrage Account, if any, shall be held uninvested pursuant to the terms of this Indenture until the Trustee has purchased, sold or exchanged Eligible Investments pursuant to the written direction of the Borrower in this subsection (d). Investment of such amounts in the money market mutual fund identified in Section 6.01(a) shall satisfy the requirements of this paragraph.

(e) Any investments may be purchased from or sold to the Trustee, or any bank, trust company or savings and loan association which is an affiliate or subsidiary of the Trustee and the Trustee may invest funds in its own proprietary money market funds or deposit products; *provided* that all such investments must be Eligible Investments. The Trustee shall not be liable for losses, including specifically depreciation of value, on investments made in compliance with the provisions of this Indenture. If the Trustee is required to sell or otherwise dispose of any Eligible Investments prior to maturity at a price below par in connection with a mandatory tender prior to the applicable Mandatory Tender Date, the Borrower shall, at the Borrower's expense, deliver to the Trustee (i) a Cash Flow Projection and (ii) Eligible Funds in the amount set forth in such Cash Flow Projection, if any.

(f) Although each of the Issuer and the Borrower recognizes that it may obtain a broker confirmation or written statement containing comparable information at no additional cost, each of the Issuer and the Borrower hereby agrees that confirmations of Eligible Investments are not required to be issued by the Trustee for each month in which a monthly statement is rendered. No statement need be rendered for any fund or account if no activity occurred in such fund or account during such month. Monthly statements may be provided via electronic access to the Trustee's online portfolio system. The Trustee may conclusively rely upon the Borrower's and Issuer's written instructions as to both the suitability and legality of the directed investments, and the Trustee shall have no duty or obligation to determine if an Eligible Investment is permitted by applicable law.

Section 6.02. Investment of Rebate Fund. Any moneys held as part of the Rebate Fund, and not immediately required for the purposes of the Rebate Fund, shall be invested or reinvested by the Trustee, at the written direction of the Borrower Representative and with the prior written approval of the Issuer, in Governmental Obligations or in any money market or short term investment fund investing in or consisting solely of and secured by Governmental Obligations, including any such fund maintained by the Trustee or an affiliate thereof having maturities consonant with the need for funds as estimated by the Borrower. In the absence of written direction from the Borrower, the Trustee will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested. All investment earnings, gains resulting from the sale of, or income from, any investment made from amounts on deposit in the Rebate Fund shall be retained therein.

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

If the Issuer is of the opinion, upon receipt of advice of Bond Counsel, that it is necessary to restrict or limit the yield on the investment of any moneys, securities or other obligations paid to or held by the Trustee hereunder in order to comply with the provisions of the Documents intended to prevent any Bonds from being considered “arbitrage bonds” within the meaning of Section 148 of the Code, an authorized officer of the Issuer may give written notice to the Trustee and the Borrower to such effect (together with appropriate written instructions), in which event the Trustee will take such action as is set forth in such written instructions to restrict or limit the yield on such investment so as to comply with Section 148 of the Code. The Trustee may conclusively rely on the direction of the Issuer in taking such action.

Section 6.04. Trustee’s Own Bond or Investment Department. The Trustee may make any and all investments permitted under Section 6.01 and Section 6.02 through its own bond or investment department or that of any affiliate and may charge its ordinary and customary fees for such trades, including cash sweep account fees.

Section 6.05. Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Trustee for account of the Bond Fund or the Project Fund under any provision of this Indenture shall be held by the Trustee in trust, and shall, while held by the Trustee, constitute part of the Trust Estate and be subject to the lien and claim created by this Indenture.

The Trustee shall not be liable for any loss, including depreciation of value, arising from investments made in accordance with this Indenture, or for any loss resulting from the redemption or sale of any such investments as authorized by this Section.

ARTICLE VII

GENERAL COVENANTS

Section 7.01. Payment of Bonds. Each and every covenant made in this Indenture, including all covenants made in the several sections of this Article, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall be payable solely (a) from Revenues, which are specifically assigned to secure the payment of the Bonds in the manner and to the extent specified in this Indenture, (b) from the moneys held in the funds and accounts created under this Indenture, except for amounts held in the Costs of Issuance Fund (but only to the extent such moneys are not proceeds of the Bonds) and the Rebate Fund, and (c) from any other moneys held pursuant to the Trust Estate. Nothing in the Bonds or in this Indenture shall be construed as pledging any other funds or assets of the Issuer.

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

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

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

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

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

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

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

Section 7.07. Books and Documents Open to Inspection. The Issuer covenants and agrees that all books and documents in its possession relating to the Bonds, the Project, and the moneys, revenues and receipts derived from the Project, if any, that shall at any time be in its possession, shall, within a reasonable time of a request by the Trustee, the Rating Agency, the Investor Limited Partner or the Borrower, be open to inspection during the Issuer's regular business hours by such accountants or other agents as the Trustee or the Borrower or the Investor Limited Partner may from time to time designate. The Trustee and its agents shall have the right, but not the responsibility or duty, to inspect the Project, including all related books and records.

Section 7.08. Borrower to Indemnify and Hold Issuer and Trustee Harmless from Liability. The Borrower has agreed to indemnify and hold the Issuer and the Trustee harmless from and against liability arising out of claims as defined and as provided in Sections 6.02 and 7.04 of the Loan Agreement.

Section 7.09. Issuer Tax Covenants.

(a) The Issuer shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, rehabilitation, or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on the Bonds to become includable in the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Issuer shall have received a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on the Bonds, the Issuer shall comply with each of the specific covenants in this Section.

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

(c) Except to the extent permitted by Section 149(b) of the Code and Regulations and rulings thereunder, the Issuer shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.

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

(e) Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the stated maturity or final payment of the Bonds enter into any transaction that reduces the amount required to be paid to the United States pursuant to Section 4.06 hereof because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

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

(g) The weighted average maturity of the Bonds does not exceed 120% of the reasonably expected economic life, within the meaning of Section 147(b) of the Code, of the Project.

ARTICLE VIII DISCHARGE

Section 8.01. Discharge of Lien. If and when the Bonds secured hereby shall become due and payable in accordance with their terms as provided in this Indenture, or otherwise, and the whole amount of the principal and the interest so due and payable upon all of the Bonds, together with all other amounts payable hereunder by the Issuer and all fees and expenses of the Trustee and the Issuer, shall be paid, or provision shall have been made for the payment of the same, then the right, title and interest of the Trustee in and to the Trust Estate and all covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, upon written request of the Issuer and subject to the provisions of Section 5.05 hereof, the Trustee shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, any surplus in the Bond Fund and all balances remaining in any other fund created under this Indenture and shall assign and transfer to the Issuer all other property then held by the Trustee under this Indenture and shall execute such documents as may be reasonably required by the Issuer.

If and when the Trustee shall hold sufficient moneys hereunder, as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations, to provide for payment of the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all the Bonds, together with all other amounts (exclusive of amounts in the Rebate Fund) payable or which may thereafter become payable hereunder by the Issuer, notwithstanding that all the Bonds have not yet become due and payable and that consequently the right, title and interest of the Trustee in and to the Trust Estate shall not have ceased, terminated and become void pursuant to the foregoing provisions of this Section 8.01, the Trustee, on written demand of the Issuer but subject to the provisions of Section 5.05 hereof, shall turn over to the Borrower, so long as there shall have occurred no Event of Default which is uncured and continuing, or to such person, body or authority as may be entitled to receive the same, any surplus in the Bond Fund in excess of the amount sufficient to pay the whole amount of the principal and interest due and payable and thereafter to become due and payable upon all Bonds together with all other amounts payable or which may thereafter become payable hereunder by the Issuer.

All Outstanding Bonds shall, prior to the maturity thereof, be deemed to have been paid within the meaning and with the effect expressed above if (a) there shall have been deposited with the Trustee (as verified to the Trustee in writing by an independent public accounting firm of national reputation or other firm similarly experienced in performing such computations) either (i) moneys in an amount which shall be sufficient, or (ii) Governmental Obligations which are not subject to redemption prior to maturity, the principal of and the interest on which when due will

provide moneys which, together with the moneys, if any, deposited with the Trustee at the same time, shall be sufficient, to pay when due the principal and interest due and to become due on such Bonds on the maturity date or earlier redemption date thereof, and (b) the Issuer shall have given the Trustee irrevocable written instructions to give, as soon as practicable, a notice to the Holders of such Bonds and the Rating Agency that the deposit required by subclause (a) above has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Section and stating such maturity upon which moneys are to be available for the payment of the principal of and interest on such Bonds.

Neither the securities nor moneys deposited with the Trustee pursuant to this Section nor principal or interest payments on any such securities shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on such Bonds; *provided* that any cash received from such principal or interest payments on such securities deposited with the Trustee, if not then needed for such purpose, shall, to the extent practicable, be reinvested in Governmental Obligations (including any short-term investment fund rated Aaa-mf or P-1 by the Rating Agency and secured by and investing solely in Governmental Obligations) maturing at times and in amounts sufficient to pay when due the principal and interest to become due on such Bonds on and prior to such maturity dates thereof, as the case may be, and interest earned from such reinvestment shall be paid over to the Borrower, as received by the Trustee, free and clear of any trust, lien or pledge.

The release of the obligations of the Issuer under this Section 8.01 shall be without prejudice to the right of the Trustee provided in Section 10.04 hereof to be paid reasonable compensation for all services rendered by it hereunder and all its reasonable costs, fees, expenses, charges and other disbursements and those of its attorneys, agents and employees, incurred on and about the Issuer of the trust hereby created and the performance of its powers and duties hereunder, and shall not affect the obligations of the Borrower to make the payments required by the Loan Agreement or the Note.

ARTICLE IX DEFAULTS AND REMEDIES

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

- (a) any interest on any Bond is not paid on the date on which the same becomes due; or
- (b) any principal of any Bond is not paid on the date on which the same becomes due, whether at the stated maturity thereof, by acceleration or otherwise; or
- (c) an Event of Default occurs under the Loan Agreement; or
- (d) the Issuer fails to duly and promptly perform, comply with, or observe any covenant, condition, agreement or provision (other than as specified in (a) or (b) of this Section 9.01) contained in the Bonds or in this Indenture on the part of the Issuer to be performed, and such failure shall continue for a period of ninety (90) days after written notice specifying such failure and requiring the same to be remedied shall have been given

to the Issuer, and the Borrower and the Investor Limited Partner by the Trustee, which notice may be given by the Trustee in its discretion and shall be given at the written request of the Holders of not less than 100% in principal amount of the Bonds then Outstanding; *provided, however*, that if such default be such that it is correctable but cannot be corrected within ninety (90) days, it shall not be an Event of Default if the Issuer, the Borrower or the Investor Limited Partner is taking appropriate corrective action to cure such failure and if such failure will not impair the security for the Loan or the Bonds.

If any Loan payment required under the Loan Agreement to avoid a default under (a) or (b) of this Section shall not have been received at the close of business on the last Business Day preceding the day on which payment must be made to avoid a default under such (a) or (b), the Trustee shall use its best efforts to give telephonic notice of such default to the Borrower and the Investor Limited Partner, which telephonic notice shall be confirmed by written notice to the Borrower. If any other default shall occur under the provisions of this Section, the Trustee shall, within five (5) days after having actual knowledge of such default, use its best efforts to give written notice of such default to the Issuer, the Borrower, the Investor Limited Partner and the Holders of the Bonds. A default or an Event of Default specified in (a) through (d) above shall occur even though the Trustee fails to give the notice required by this paragraph, the giving of such notice being intended solely to aid in the enforcement of the rights of Bondholders and not in limitation of such rights.

If an Event of Default specified in (a) or (b) of this Section 9.01 shall occur and be continuing, the Trustee, upon written request of the Holders of a majority in principal amount of the Bonds then Outstanding (but subject to the Trustee's right to be indemnified to its satisfaction), shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

If an Event of Default specified in (c) or (d) of this Section 9.01 shall occur and be continuing, the Trustee, upon written request of the Holders of a majority in principal amount of the Bonds then Outstanding (but subject to Trustee's right to be indemnified to its satisfaction) shall declare the principal of all Bonds then Outstanding to be immediately due and payable by notice in writing to that effect delivered to the Issuer, the Investor Limited Partner and the Borrower, and upon such declaration such principal, together with interest accrued thereon, shall become immediately due and payable at the place of payment provided therein, anything in this Indenture or in the Bonds to the contrary notwithstanding.

The Investor Limited Partner shall be entitled to cure any Event of Default hereunder within the time frame provided to the Borrower. The Issuer and the Trustee agree that cure of any default or Event of Default made or tendered by the Investor Limited Partner shall be deemed to be a cure by the Borrower and shall be accepted or rejected on the same basis as if made or tendered by the Borrower.

Section 9.02. Trustee to Enforce Rights of Issuer. Only in accordance with the provisions of this Indenture, the Trustee, as the assignee of all the right, title and interest of the Issuer in and

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

Section 9.03. Remedies in Addition to Acceleration. Upon the occurrence of, and during the continuance of, any Event of Default, then and in every such case the Trustee in its discretion may, and upon the written request of the Holders of not less than 51% in principal amount of the Bonds then Outstanding and receipt of satisfactory indemnity shall (in addition to its right or duty to accelerate as provided in Section 9.01):

- (a) by mandamus, or other suit, action or proceeding at law or in equity, enforce all rights of the Bondholders, and require the Issuer or the Borrower to carry out any agreements with or for the benefit of the Bondholders and to perform its or their duties under the Act and the Documents;
- (b) bring suit upon the Bonds; or
- (c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the Bondholders.

Section 9.04. Termination of Proceedings. In case any proceeding taken by the Trustee on account of any default or Event of Default shall have been discontinued or abandoned for any reason, the default or Event of Default has been cured, or shall have been determined adversely to the Trustee, then and in every such case, the Issuer, the Trustee, the Bondholders, and the Borrower shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

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

deemed to have failed to act within a reasonable time if it fails to take action within sixty (60) days after receipt of notice and compliance with the foregoing terms and conditions, whereupon, the Holders of 51% aggregate principal amount of the Bonds may take such action in the place of the Trustee. Nothing contained in this Indenture shall, however, affect or impair the right of any Holder of Bonds to enforce the payment of the principal of and interest on any Bond at and after the maturity thereof, or the obligation of the Issuer to pay the principal of and interest, on each of the Bonds issued hereunder to the respective Holders of the Bonds at the time, place, from the source and in the manner herein and in such Bonds expressed.

Section 9.06. Remedies Vested in Trustee. All rights of action under this Indenture or under any of the Bonds secured hereby which are enforceable by the Trustee may be enforced by it without the possession of any of the Bonds, or the production thereof at the trial or other proceedings relative thereto, and any such suit, action or proceeding instituted by the Trustee shall be brought in its name for the equal and ratable benefit of the Holders of the Bonds, subject to the provisions of this Indenture.

Notwithstanding anything contained herein to the contrary, upon the occurrence and continuance of an Event of Default, before taking any action which may subject the Trustee to liability under any environmental law, statute, regulation or similar requirement relating to the environment, the Trustee may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished by the Borrower for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such action.

Section 9.07. Remedies Non-Exclusive and Cumulative. No remedy herein conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

Section 9.08. Delays or Omissions by Trustee. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or any acquiescence therein; and every power and remedy given by this Article IX to the Trustee and to the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient.

Section 9.09. Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article IX shall, after payment first of the costs and expenses of the proceedings resulting in the collection of such moneys and of the fees, expenses and advances incurred or made by the Trustee, and second, of the fees, expenses and advances incurred or made by the Issuer with respect thereto, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund during the continuance of an Event of Default (other than moneys for the payment of Bonds which have matured or otherwise become payable prior to such Event of Default or for the payment of interest due prior to such Event of Default, which moneys shall continue to be held for such payments) shall be applied as follows:

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

First - To the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege;

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

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

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

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

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts or principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing

of any such date, and shall not be required to make payment to the Holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Section 9.10. Severability of Remedies. It is the purpose and intention of this Article to provide rights and remedies to the Trustee and Bondholders which may be lawfully granted under the provisions of the Act, but should any right or remedy herein granted be held to be unlawful, the Trustee and the Bondholders shall be entitled, as above set forth, to every other right and remedy provided in this Indenture and by law.

ARTICLE X

THE TRUSTEE AND REMARKETING AGENT

Section 10.01. Acceptance of Trusts. The Trustee hereby accepts the duties and obligations as Trustee as expressly provided under this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee. These duties shall be deemed purely ministerial in nature, and the Trustee shall not be liable except in connection with its performance of such duties. The Trustee shall not be liable for any acts or omissions, except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Trustee's negligence or willful misconduct.

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

The Trustee makes no representation as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Issuer thereto or as to the adequacy, sufficiency or perfection of the security offered thereby or hereby; as to the validity or genuineness of any securities at any pledged and deposited with the Trustee hereunder; as to the validity or sufficiency of this Indenture, the other Documents or of the Bonds; as to the technical or financial feasibility of the project, the compliance of the project with the Act, or the tax-exempt status of the Bonds; or as to the correctness or sufficiency of any statement made in connection with the offer or sale of the Bonds. The Trustee shall not be accountable for the use or application by the Issuer or the Borrower of any of the Bonds or of the proceeds of such Bonds or the sufficiency of said proceeds to accomplish the intended objective of the financing. The Trustee shall not be required to make any disbursements of funds until having collected funds.

Except for information, if any, provided by the Trustee concerning the Trustee, the Trustee shall have no responsibility for any information in any Official Statement or other disclosure material distributed with respect to the Bonds, the Trustee shall have no duty to analyze or review any financial report received by the Trustee or to express any opinion concerning the contents of any financial reports or Official Statement, and the Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

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

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

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

Section 10.04. Fees and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement of such fees as the Trustee, the Issuer and the Borrower shall agree upon, or in the absence of such agreement, to payment and/or reimbursement of costs and fees for its services rendered hereunder, and all advances, counsel fees and other expenses made or incurred by the Trustee in connection with such services. The Trustee shall have the right to increase its fees as the cost of business dictates and as negotiated with the Borrower. Any amounts payable to the Trustee pursuant to this Section 10.04 shall be payable upon demand. When the Trustee incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law. To the extent that payment of any such expenses and compensation of the Trustee, its agent and counsel (including legal fees) and any other amounts due the Trustee under this Indenture or the Loan Agreement out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a first lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders or other third parties may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or rearrangement or otherwise.

Section 10.05. Trustee's Obligations to Take or Have Notice of Default. Notwithstanding anything to the contrary contained herein, the Trustee shall not be required to take notice, or to be deemed to have notice, of any event, information, default or Event of Default under this Indenture other than an Event of Default under Section 9.01(a) or Section 9.01(b) hereof, unless the Trustee is specifically notified in writing of such event, information, default or Event of Default by the Issuer or by the Holders of not less than 25% in principal amount of the Bonds then Outstanding, and in the absence of any such notice the Trustee may conclusively assume that no such event, information, default or Event of Default exists. The Trustee may, however, at any time, in its discretion, require of the Issuer information and advice as to the performance of any of the covenants, conditions and agreements contained herein.

Section 10.06. Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in their exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

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

(1) The Trustee need perform only those duties that are specifically and expressly set forth in this Indenture and no others, and

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

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

(i) This paragraph does not limit the effect of paragraph (b) of this Section,

(ii) The Trustee shall not be liable for any action taken, omission or error of judgment made in good faith by a responsible officer, agent or employee of the Trustee, unless it is proved that the Trustee was grossly negligent in ascertaining the pertinent facts,

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

(iv) The Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it in accordance with this Indenture, and

(v) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any liability, financial or otherwise, in the performance of any of its duties hereunder or in the exercise of any of its rights or powers.

(d) The Trustee is not responsible for force majeure events, including but not limited to, cyber-attacks on bank systems, pandemics and civil unrest. The Trustee may refuse to perform any duty or exercise any right or power unless it receives security or indemnity satisfactory to it against any loss, liability, cost or expense, but, so long as no Event of Default has occurred and is continuing, the Trustee shall not require indemnity as a condition to making any payments on the Bonds, or declaring the principal of and interest on the Bonds to be due immediately hereunder. The permissive right of the Trustee to perform its expressed actions in this Indenture shall not be construed as an obligation or duty to do so.

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

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

(g) The Trustee agrees to accept and act upon instructions or directions pursuant to this Indenture sent in writing or by Electronic Means; *provided, however*, that such instructions or directions shall be signed by an authorized representative. If the Issuer or the Borrower elects to give the instructions by Electronic Means, the Trustee may deem such instructions controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a previous and/or subsequent written instruction. The Issuer or the Borrower, as applicable, agrees to assume all risks arising out of the use of such Electronic Means to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

(h) The Trustee shall not be required to give any bond or surety in respect of the performance of its powers and duties hereunder. The Trustee is not responsible for receiving or reviewing insurance certificates or insurance policies.

(i) In no event shall the Trustee be liable for special, punitive, indirect or consequential damages or loss of any kind whatsoever, including but not limited to lost profits, irrespective of

whether the Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action arising in connection with this Indenture. The Trustee shall not be liable for any amount in excess of the value of the assets held under this Indenture.

(j) Every provision of this Indenture or any of the Documents that in any way relates to the Trustee is subject to this Article X.

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

Section 10.08. Trustee May Rely Upon Instruments. The Trustee may require (at the expense of the Borrower), conclusively rely upon and shall be fully protected in acting or refraining from acting upon, and shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any resolution, indenture, notice, email, request, direction, consent, waiver, certificate, statement, instrument, opinion, affidavit, voucher, bond, debenture, note, requisition, opinion, order or decree of a court of competent jurisdiction, judgment or other paper or document which it shall believe to be genuine and to have been passed or signed by the proper board, body or person, not only as to due execution, validity and effectiveness, but also as to truth and accuracy of any information contained therein, or to have been prepared and furnished pursuant to any of the provisions of this Indenture or the Documents, but may accept and rely upon the same as conclusive evidence of the truth and accuracy of such statements, and shall be protected and shall incur no liability in acting or refraining from acting in reliance thereon. Before the Trustee acts or refrains from acting it may require an officer's certificate or Opinion of Counsel which shall be paid for by the Bondholders or Borrower and in absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein. The Trustee shall not be bound to recognize any person as a Holder of any Bond or to take any action at his request unless such Bond shall be deposited with the Trustee or satisfactory evidence of the ownership of such Bond shall be furnished to the Trustee.

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

Section 10.10. Liability of the Trustee. No provision of this Indenture will require the Trustee to expend or risk its own funds or otherwise incur or risk any liability in the performance

of any of its duties under this Indenture, or in the exercise of any of its rights or powers if it will have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability satisfactory to the Trustee in its sole discretion is not reasonably assured to it. The Trustee shall not be required to make any disbursement of funds until having collected funds.

Except as may otherwise be provided in this Indenture, prior to taking or omitting to take an action hereunder or related to the Bonds, the Trustee will have the right to demand, at the expense of the Borrower, in respect to the taking of any action hereunder or related to any property, any showings, certificates, opinions (including Opinions of Counsel), appraisals or other information, or corporate action or evidence thereof, in addition to that by the terms hereof or of the Loan Agreement required as a condition of such action by the Trustee deemed desirable for the purpose of establishing the right of the Issuer or the Borrower to the authentication of any Bonds, or the release of any property.

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

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

Section 10.13. Removal of Trustee. The Trustee shall be removed by the Issuer if at any time so requested by an instrument or concurrent instruments in writing, filed with the Trustee and the Issuer, and signed by the Holders of a majority in principal amount of the Bonds then Outstanding or their attorney-in-fact duly authorized, excluding any Bonds held by or for the account of the Issuer. The Issuer may also remove the Trustee at any time, except during the existence of any Event of Default as defined in Section 9.01 hereof, for cause or breach of trust or for acting or proceeding in violation of, or failing to act or proceed in accordance with any provision of this Indenture with respect to the duties and obligations of the Trustee by filing with the Trustee an instrument signed by an authorized officer of the Issuer. A copy of each such instrument providing for any such removal shall be delivered by the Issuer to any Bondholder who shall have filed its name and address with the Issuer and, if requested, to the Borrower and the Investor Limited Partner; *provided* that such removal shall not take effect unless and until a successor shall have been appointed.

Section 10.14. Appointment of Successor Trustee. In case at any time the Trustee shall resign or shall be removed or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee, or of its property, shall be

appointed, or if any public officer shall take charge or control of the Trustee, or of its property or affairs, the Issuer covenants and agrees that it will thereupon appoint a successor Trustee.

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

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

Section 10.15. Appointment of Successor Trustee by Court. In case at any time the Trustee shall resign and no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article prior to the date specified in the notice of resignation as the date when such resignation shall take effect, the retiring Trustee may forthwith apply, at the expense of the Borrower, to a court of competent jurisdiction for the appointment of a successor Trustee. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Article within six months after a vacancy shall have occurred in the office of Trustee, the Holder of any Bond may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Trustee. A successor Trustee under Sections 10.14 and 10.15 shall notify the Borrower and the Investor Limited Partner, in writing, after being so appointed.

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

Section 10.17. Merger or Consolidation of Trustee With Another Corporation. Any corporation into which any Trustee hereunder may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which any Trustee hereunder shall be a party, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, shall be the successor Trustee under this Indenture and shall have and succeed to the same rights, powers, duties, immunities and privileges as its predecessor

without the execution or filing of any paper or any further act on the part of the parties hereto, anything herein to the contrary notwithstanding.

Section 10.18. Reserved.

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

Section 10.20. Trustee May Intervene. In any judicial proceeding to which the Issuer is a party and which, in the opinion of the Trustee and its counsel, has a substantial bearing on the interests of Holders of the Bonds, the Trustee may intervene on behalf of the Holders of the Bonds and shall, upon receipt of satisfactory indemnity do so if requested in writing by the Holders of not less than 51% in principal amount of Bonds then outstanding, if such intervention is permitted by the court having jurisdiction in the premises.

Section 10.21. Unclaimed Moneys. Anything in this Indenture to the contrary notwithstanding, and subject to applicable escheatment laws of the State, any moneys held by the Trustee in trust for the payment and discharge of any Bonds which remain unclaimed for a period up to six (6) months, prior to the date when such moneys would escheat under applicable law and after the date when such Bonds have become due and payable either at their stated maturity dates, if such moneys were held by the Trustee at such date, or for a period up to six (6) months prior to the date when such moneys would escheat under applicable law if deposited with the Trustee after such date when all Bonds became due and payable, shall be paid by the Trustee to the Issuer as its absolute property and free from trust, and the Trustee shall thereupon be released and discharged. Thereafter, any person having a claim against any such moneys shall look solely to the Issuer for payment of the same.

Section 10.22. Appointment of Co-Trustee. It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the law of the State) denying or restricting the right of banking corporations or associations to transact business as a trustee in such jurisdiction. It is recognized that in case of litigation under this Indenture or the Loan Agreement, and in particular in case of the enforcement thereof on default, or in the case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Trustee or hold title to the properties, in trust, as herein granted, or take any action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section are adopted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Indenture to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vest in such separate or co-trustee but only to the extent necessary to enable such separate or co-trustee to exercise such

powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them. Neither the Trustee nor any co-trustee shall be responsible or liable for the misconduct or negligence of the other.

Approval in writing from the Issuer shall be required prior to the appointment of the separate or co-trustee by the Trustee. All such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer at the expense of the Borrower. In case any separate or co-trustee or a successor to either shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate or co-trustee, so far as permitted by law and so approved by the Issuer, shall vest in and be exercised by the Trustee until the appointment of a successor to such separate or co-trustee. The Trustee shall notify the Borrower and the Investor Limited Partner, in writing, of any co-trustee appointed under this Section.

Section 10.23. The Remarketing Agent. The Remarketing Agent identified in Section 1.01 hereof shall serve as the Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Trustee its Designated Office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Borrower (and, if requested, the Investor Limited Partner) and the Trustee. In addition, the Remarketing Agent will agree particularly to:

- (a) keep such records relating to its computations of interest rates for the Bonds as shall be consistent with prudent industry practice and to make such records available for inspection by the Issuer, the Trustee, the Investor Limited Partner and the Borrower at all reasonable times; and
- (b) perform all of its functions and duties under this Indenture.

The Remarketing Agent shall be entitled to advice of legal counsel on any matter relating to the Remarketing Agent's obligations hereunder and shall be entitled to act upon the opinion of such counsel in the exercise of reasonable care in fulfilling such obligations.

The Remarketing Agent shall be entitled to appoint additional co-Remarketing Agents to assist in the performance of the Remarketing Agent's obligations under this Indenture, and any such appointment shall be effective without any action by the Issuer or the Borrower being necessary; *provided* that any such co-Remarketing Agent, shall have a capitalization of at least \$5,000,000, or shall have a line of credit with a commercial bank in the amount of at least \$5,000,000, shall be in conformity with all standards and requirements of the Municipal Securities Rulemaking Board and the Securities and Exchange Commission, and shall be authorized by law to perform all the duties imposed upon it by this Indenture. The Remarketing Agent shall take responsibility for any co-Remarketing Agent it appoints.

Section 10.24. Qualification of Remarketing Agent. The Remarketing Agent shall be a member in good standing of the Financial Industry Regulatory Authority and shall be authorized by law to perform all the duties imposed upon it by this Indenture. Subject to the terms of the Remarketing Agreement, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Indenture by giving at least 30 days' notice of such

resignation to the Issuer, the Borrower, the Investor Limited Partner, the General Partner and the Trustee. The Remarketing Agent may be removed, with prior notice to the Issuer, at any time by the Borrower, with at least 30 days' notice of such removal to the Remarketing Agent.

Upon any resignation or removal of the Remarketing Agent, the departing Remarketing Agent shall pay over, assign and deliver any money and Bonds held by it in such capacity to its successor.

The Trustee, within 30 days of the Trustee's receipt of written notice of the resignation or removal of the Remarketing Agent or the appointment of a successor Remarketing Agent, shall give notice thereof by registered or certified mail or Electronic Instruction and Notice to the Rating Agency (if the Bonds are then rated) and to the Holders of the Bonds.

Section 10.25. Notices to Rating Agency and Remarketing Notice Parties. The Trustee shall notify the Rating Agency and the Remarketing Notice Parties of (a) the occurrence of an Event of Default of which the Trustee has actual notice, (b) the occurrence of any monetary or other material default under the Loan of which the Trustee has actual notice, (c) any change in the identity of the Trustee, (d) any amendments, modifications, supplements or changes to this Indenture, the Loan Agreement, the Note or the Bonds, including any extension of principal or modification of interest or redemption premium due on any of the Bonds, in each case only in the event the Trustee has actual notice, (e) any change or proposed change in the structure or identity of the Borrower of which the Trustee has actual knowledge, (f) any change or notification of proposed change of the Mandatory Tender Date or Remarketing Date, (g) any partial prepayment of the Loan or the giving of notice of the call for redemption of any Bonds, (h) any change in the investment of funds subject to the lien of this Indenture, (i) any defeasance or acceleration of the Bonds hereunder, (j) any change in the Remarketing Agent or the Lender of which the Trustee has actual knowledge, or (k) any sale of Eligible Investments below par, as shown in a Cash Flow Projection delivered to the Rating Agency prior to the sale date; *provided* that the Trustee shall incur no liability for failure to give any such notice.

Section 10.26. Financing Statements. Pursuant to Section 5.05 of the Loan Agreement, the Borrower shall perfect, or shall cause to be perfected any security interest created hereunder by the filing of financing statements which fully comply with the Texas Uniform Commercial Code – Secured Transactions, in the Office of the Recorder of Deeds in the State of Texas. Notwithstanding the foregoing, the Trustee shall file all necessary continuation statements with respect to any such original financing statements on which the Trustee is named a secured party of which a legible copy showing the date and place of filing, is delivered to the Trustee, at the expense of the Borrower within the time prescribed by the Texas Uniform Commercial Code – Secured Transactions. The Trustee and the Issuer shall have no responsibility for the filing, perfection or continuation of any security interest created hereunder or under the Loan Agreement.

Section 10.27. Trustee Delivery of Information to Borrower and Investor Limited Partner. The Trustee, at the expense of the Borrower, shall furnish to the Borrower and the Investor Limited Partner all information reasonably requested by the Borrower or the Investor Limited Partner with respect to the Bonds and the investment of Funds and Accounts maintained by the Trustee hereunder.

Section 10.28. Trustee Delivery of Information to Rating Agency. The Trustee, at the expense of the Borrower, shall furnish to the Borrower and the Rating Agency all information reasonably requested by the Borrower or the Rating Agency with respect to the Bonds and the investment of Funds and Accounts maintained by the Trustee hereunder.

ARTICLE XI

MODIFICATION OF INDENTURE AND OTHER DOCUMENTS

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

Section 11.02. Amendments to Indenture and Loan Agreement Not Requiring Consent of Bondholders. (a) The Issuer and the Trustee may, from time to time and at any time, without the consent of Bondholders, enter into agreements supplemental to this Indenture and the Loan Agreement as follows:

(i) to specify and determine any matters and things relative to Bonds which shall not materially adversely affect the interest of the Bondholders;

(ii) to cure any formal defect, omission or ambiguity in this Indenture or the Loan Agreement if such action does not materially adversely affect the rights of the Bondholders;

(iii) to grant to or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with this Indenture as heretofore in effect;

(iv) to add to the covenants and agreements of the Issuer in this Indenture or the Loan Agreement other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;

(v) to add to the limitations and restrictions in this Indenture or the Loan Agreement, other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with this Indenture or the Loan Agreement as theretofore in effect;

(vi) to confirm, as further assurance, any pledge under and the subjection to any claim, lien or pledge created, or to be created by, this Indenture, of the Revenues or of any other moneys, securities or funds; or

(vii) to modify, amend or supplement this Indenture or the Loan Agreement in any respect which may be based on an Opinion of Counsel, is not materially adverse to the interests of the owners of the Bonds.

(b) Before the Issuer shall enter into any agreement supplemental to this Indenture pursuant to this Section, there shall have been filed with the Trustee (which shall also be addressed to, or be accompanied by a reliance letter in favor of, the Trustee, the Freddie Mac Seller/Servicer and Freddie Mac) an opinion of Bond Counsel stating that (1) such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes.

(c) The Trustee shall send written notice to the Borrower, the Investor Limited Partner, the Freddie Mac Seller/Servicer, Freddie Mac and Rating Agency of any amendment to this Indenture or the Loan Agreement and, if requested, copies of any such amendments.

(d) Notwithstanding the foregoing, the Issuer and the Trustee may not, without the prior written consent of Lender, amend this Indenture in any manner that adversely affects the rights and interests of the Lender to receive notices hereunder or the rights of the Lender with respect to any of the trust funds established under Article IV of this Indenture.

Section 11.03. Amendments to Indenture Requiring Consent of Bondholders. (a) Subject to the terms and provisions contained in this Section and not otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, to consent to and approve the execution and delivery by the Issuer and the Trustee of any agreement supplemental to this Indenture as shall be deemed necessary or desirable by the Issuer and the Trustee for the purposes of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Indenture; *provided, however*, that, unless approved in writing by the Holders of all of the Bonds then Outstanding, nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount of any Outstanding Bond or the rate of interest thereon, or (ii) the creation of a claim or lien upon, or a pledge or assignment of, the Trust Estate ranking prior to or on a parity with the claim, lien, assignment or pledge created by this Indenture, or the release of the Trust Estate or any part thereof (except to the extent permitted pursuant to the Documents), or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for any action or consent by Bondholders set forth in this Indenture, including (without limitation) that required for consent to such supplemental indentures. This Section shall not limit or otherwise affect the ability of the Issuer to enter into agreements supplemental to this Indenture without the consent of the Bondholders pursuant to Section 11.02 hereof.

(b) If at any time the Issuer and the Trustee shall determine to enter into any supplemental indenture for any of the purposes of this Section, the Trustee shall cause written notice of the proposed supplemental indenture to be given to all Holders of the Bonds; *provided, however*, that failure to give such notice or any defect therein, shall not affect the validity of any proceedings pursuant hereto. Such notice shall briefly set forth the nature of the proposed supplemental indenture and shall state that a copy thereof is on file at the Trust Office for inspection by all Bondholders.

(c) Within one hundred twenty (120) days after the date of giving such notice, the Issuer and the Trustee may enter into such supplemental indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (i) the written consents of Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then outstanding (or 100% if required hereunder) and (ii) an opinion of counsel (which shall also be addressed to, or be accompanied by a reliance letter in favor of, the Freddie Mac Seller/Service and Freddie Mac) stating that (1) such supplemental indenture is authorized or permitted by this Indenture and complies with its terms, and that upon adoption it will be valid and binding upon the Issuer in accordance with its terms and (2) the effectiveness of the supplemental indenture will not adversely affect the excludability of interest on the Bonds from gross income for federal income taxes.

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

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

(f) The Trustee shall send written notice to the Rating Agency of any amendment to this Indenture.

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

Section 11.05. Required Consent. Notwithstanding anything herein to the contrary, the Trustee shall not be required to enter into or consent to any supplemental indenture or any amendment of any other Document that would materially adversely affect the rights, obligations, powers, privileges, indemnities, immunities or other security provided the Trustee herein or therein, except to the extent necessary, as set forth in an opinion of Bond Counsel, to preserve the excludability of interest on the Bonds from gross income for federal income tax purposes. Further, notwithstanding anything herein to the contrary, as long as no default has occurred and is continuing under any of the Documents, any supplemental indenture under this Article shall not become effective unless and until the Borrower shall have consented in writing to such supplemental indenture, and to any related revisions of the Loan Agreement, the Regulatory Agreement or any of the other Documents to be affected.

Section 11.06. Amendments to Documents Requiring Consent of Bondholders. Except as provided in Section 11.02 of this Indenture, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Documents without the giving of written notice and the written approval or consent of the Holders of the Bonds at the time Outstanding, given and procured as provided in Section 11.03 hereof; *provided, however*, no such separate approval or consent shall be required in connection with the issuance of refunding bonds if any required consent of the required number of Holders to the issuance thereof shall have been previously obtained. If at any time the Issuer and the Borrower shall request in writing the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such proposed amendment, change, or modification to be given in the same manner as provided by Section 11.03 hereof with respect to supplemental indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the Trust Office for inspection by all Bondholders.

Section 11.07. Conversion Date. On the Conversion Date and upon the execution and delivery of the Funding Loan Agreement, Governmental Note and Project Loan Agreement, this Indenture, the Loan Agreement and the Bonds shall be deemed amended, restated and superseded in full by the terms thereof.

ARTICLE XII

MISCELLANEOUS

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

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

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

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

Section 12.05. Governing Law; Jurisdiction; Waiver of Jury Trial. The laws of the State shall govern the construction and interpretation of this Indenture and of all Bonds issued hereunder. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in Collin County, Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party. To the extent permitted by applicable law, each of the parties hereto hereby waives the right to trial by jury with respect to any litigation directly or indirectly arising out of, under or in connection with this Indenture.

Section 12.06. Notices; Publication of Notice. (a) All notices, advice, certifications or other communications hereunder between the Issuer and the Trustee shall be sufficiently given and shall be deemed given when delivered by hand or overnight courier, or mailed by certified or registered mail, postage prepaid, return receipt requested, or transmitted by Electronic Means (including, without limitation, facsimile or electronic mail transmission) addressed to the appropriate Notice Address. The Issuer or the Trustee may, by notice given hereunder, designate any further or different addresses to which subsequent notices, advice, certifications or other communications shall be sent. Notices to persons other than the Issuer or the Trustee (such as, for example, notices to Owners of Bonds) shall be governed by the other applicable provisions of this Indenture.

Notwithstanding the foregoing or anything to the contrary contained herein, no notice to the Trustee shall be deemed given to or received by the Trustee unless actually delivered to an officer of the Trustee having responsibility under this Indenture.

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

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

Section 12.08. Execution of Instruments by Bondholders and Proof of Ownership of Bonds.

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

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

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

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

Section 12.09. Mortgage Loan Documents Independent. (a) Enforcement of the covenants in this Indenture will not result in, and neither the Issuer nor the Trustee has or shall be entitled to assert, any claim against the Borrower, the Project, the Mortgage Loan proceeds, any reserves or deposits required by the Lender in connection with the Mortgage Loan transaction, or the rents or deposits or other income of the Project.

(b) Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Indenture or any of the Borrower Documents will not automatically serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents, unless such default is expressly declared by the Lender in accordance with the terms of the Mortgage Loan Documents.

(c) Notwithstanding anything in this Indenture, the Loan Agreement, the Note or the Bond Purchase Agreement to the contrary, (i) the Mortgaged Property (as defined in the Security Instrument) shall not include any portion of the Trust Estate and the Lender shall not have any claim to or lien upon the Trust Estate under this Indenture and funds held by the Trustee under this Indenture and pledged to secure the repayment of the Bonds, except for Eligible Funds that may be returned to the party that deposited said funds with the Trustee as may be required under Section 4.8 hereof; and (ii) the Trust Estate shall not include any portion of the Mortgaged Property (as defined in the Security Instrument).

Section 12.10. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original, but all of which shall constitute but one and the

same instrument. All notices, approvals, consents, requests and any communications to the Trustee hereunder or under any other Document must be in writing in English and must be in the form of a document that is signed manually or by way of an electronic signature (including electronic images of handwritten signatures and digital signatures provided by DocuSign, Orbit, Adobe Sign or any other electronic signature provider). To the fullest extent permitted by applicable law and except for the certificate of authentication on the Bonds (which must be manually signed by an authorized representative of the Trustee) and instruments of transfer of the Bonds, facsimile or electronically transmitted signatures believed by the Trustee to comply with the ESIGN ACT of 2000 or other applicable law shall constitute original signatures for all purposes under this Indenture. If the Issuer, Borrower, or any other party chooses to use electronic signatures to sign documents delivered to the Trustee, such party: (i) agrees to assume all risks arising out of its use of electronic signatures, including without limitation the risk of the Trustee acting on an unauthorized document and the risk of interception or misuse by third parties; (ii) acknowledges that it is fully informed of the protections and risks associated with the various methods of utilizing electronic signatures and that there may be more secure methods of utilizing electronic signatures than the method(s) selected by the Issuer, Borrower, or other party, as applicable; and (iii) acknowledges that the security procedures (if any) to be followed in connection with the use of electronic signatures provide to it a commercially reasonable degree of protection in light of its particular needs and circumstances. Notwithstanding the foregoing, the Trustee may in any instance and in its sole discretion require that an original document bearing a manual signature be delivered to the Trustee in lieu of, or in addition to, any document signed via electronic signature.

Section 12.11. U.S.A. Patriot Act Requirements of the Trustee. To help the government of the United States of America fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account. For a non-individual Person such as a business entity, a charity, a trust or other legal entity, the Trustee may request documentation to verify such Person's formation and existence as a legal entity and the identity of the owners or controlling persons thereof. The Trustee may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

Section 12.12. Recycling Transactions. Notwithstanding any provisions of this Indenture or the Bonds to the contrary, the Issuer shall be permitted to direct that payments representing prepayments or repayments of principal on the Note be delivered to a custodian or trustee selected by the Issuer, in lieu of application to repay a like portion of the Bonds, so long as the Issuer simultaneously causes other funds to be applied to repay such portion of the Bonds. The preceding provisions shall apply only for purposes of preserving or "recycling" private activity bond volume cap in accordance with Section 146(i)(6) of the Code. In connection with such recycling and Bond prepayment, if so directed in a written direction of the Issuer provided to the Trustee prior to any prepayment date, the Trustee is hereby authorized and directed to receive any such Bond prepayment or amounts corresponding thereto and to hold such amounts, uninvested, for such period of time and to transfer such amounts to the Issuer, or to such custodian, fiscal agent or trustee designed by the Issuer and specified in such written direction. For purposes of effectuating the foregoing, the Trustee is hereby authorized and directed to open and create such funds or accounts, which may be temporary in nature, as may be necessary or desirable, and to close such funds or accounts following the completion of the transfers set forth in such written direction.

[SIGNATURE PAGES FOLLOW]

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

MCKINNEY HOUSING FINANCE CORPORATION

By: _____
Tyler Underwood, President

UMB BANK, N.A.

By: _____

Name: _____

Title: _____

CONSENT AND AGREEMENT OF BORROWER

For and in consideration of the issuance of the Bonds by the Issuer, the Borrower consents to and approves the Indenture in all respects. In addition, the Borrower agrees that whenever the Indenture by its terms imposes any duty or obligation on the Borrower, such duty or obligation shall be binding upon the Borrower to the same extent as if the Borrower were an express party to the Indenture, and the Borrower agrees to carry out and perform its duties and obligations thereunder.

SKYWAY VILLAS (TX) OWNER LP,
a Texas limited partnership

By: McKinney Skyway Villas GP, LLC,
a Texas limited liability company,
its general partner

By: McKinney Housing Finance Corporation,
a Texas public, nonprofit housing finance
corporation, its sole member

By: _____
Tyler Underwood, President

APPENDIX A

FORM OF SERIES 2026 BONDS

No. [R][I]-1

\$[46,000,000]

MCKINNEY HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING REVENUE BONDS
(SKYWAY VILLAS), SERIES 2026

THIS BOND HAS BEEN ISSUED UNDER CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, AND THE PRINCIPAL OF, PREMIUM, IF ANY, AND THE INTEREST HEREON ARE SPECIAL LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE REVENUES AND ASSETS OF THE ISSUER PLEDGED TO SUCH PURPOSES IN THE MANNER AND TO THE EXTENT PROVIDED IN THE INDENTURE AND NO OTHER REVENUES OR ASSETS OF THE ISSUER. THIS BOND, THE PRINCIPAL OF, PREMIUM, IF ANY, AND THE INTEREST HEREON SHALL NOT BE DEEMED TO CONSTITUTE A DEBT OR A PLEDGE OF THE FAITH AND CREDIT OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISION, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISIONS, AND NEITHER THE FAITH AND CREDIT OF THE ISSUER, THE SPONSORING POLITICAL SUBDIVISION, THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, NOR THE TAXING POWER OF THE SPONSORING POLITICAL SUBDIVISION, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF IS PLEDGED TO THE PAYMENT OF PRINCIPAL OF, PREMIUM, IF ANY, OR INTEREST ON THIS BOND. THE ISSUER HAS NO TAXING POWER.

<u>Dated Date</u>	<u>Initial Interest Rate</u>	<u>Initial Mandatory Tender Date</u>	<u>Maturity Date</u>	<u>CUSIP Number</u>
August [1][__], 2026	[__]%	[_____]	September 1, 2044	[_____]

REGISTERED OWNER: CEDE & Co.

PRINCIPAL AMOUNT: [FORTY-SIX] MILLION AND NO/100 DOLLARS (\$[46,000,000].00)

FOR VALUE RECEIVED, the MCKINNEY HOUSING FINANCE CORPORATION, a public, nonprofit housing FINANCE corporation of the State of Texas (the “*Issuer*”), hereby promises to pay (but only out of the Trust Estate pledged therefor) to the registered owner identified above, or its successor or registered assignee or legal representative, unless previously called for redemption, the principal amount set forth above, on the Maturity Date identified above, in lawful money of the United States of America which on the date of payment is legal tender for the payment of public and private debts, upon the presentation and surrender of this Bond at the corporate trust office of UMB Bank, N.A., as trustee, or its successor in trust (the “*Trustee*”), and to pay interest thereon (but only out of the Revenues) to the registered owner hereof from the Dated Date identified above to but not including [_____] (the “*Initial Mandatory Tender Date*”), at the Initial Interest Rate per annum identified above and thereafter at the Remarketing Rate (as defined in the Trust Indenture) (subject to adjustment or change as provided in the Trust Indenture), payable at the times and in the manner hereinafter set forth. Principal hereof shall be payable,

upon the request of any registered Holder of Bonds on the applicable Record Date having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number specified by such holder to the Trustee in writing. All interest hereon shall be paid by check or draft mailed by the Trustee to the registered Owner hereof at his or her address as it appears on the registration books of the Issuer, or, upon the request of any registered Holder of Bonds having an aggregate principal amount of \$1,000,000 or more, by wire transfer of immediately available funds from the Trustee to the bank and account number provided by such registered Owner to the Trustee in writing, such interest being payable semi-annually on [_____] 1 and [_____] 1, commencing [_____] 1, 202[____], until the principal amount of the Bonds is paid or duly provided for in lawful money of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. Capitalized terms used herein have the same meanings as set forth in the Trust Indenture dated as of August 1, 2026, by and between the Issuer and the Trustee (the “*Trust Indenture*”).

This Bond is one of an issue of the \$[46,000,000] McKinney Housing Finance Corporation Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 (the “*Bonds*”), of like date and tenor, except as to number and denomination, issued under and pursuant to the Constitution and laws of The Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended (the “*Act*”), for the purpose of financing or providing financial assistance for a portion of the costs of acquisition, rehabilitation and equipping by Skyway Villas (TX) Owner LP, a State of Texas limited partnership (the “*Borrower*”), of a multifamily rental housing development of approximately 240 multifamily rental housing units located at 2000 Skyline Drive, McKinney, Texas 75071, known as the Skyway Villas (the “*Project*”). The proceeds of the Bonds are being loaned to the Borrower by the Issuer under a Loan Agreement dated as of August 1, 2026, by and between the Borrower and the Issuer (the “*Loan Agreement*”) and evidenced by a Promissory Note dated August [____], 2026, from the Borrower in favor of the Issuer (the “*Note*”).

The Bonds are issued under the Trust Indenture, and to the extent provided therein, are, together with all other Bonds that may be issued thereunder, equally and ratably secured and entitled to the protection given by the Trust Indenture. Pursuant to the Trust Indenture, the Issuer has assigned to the Trustee (among other things) the Revenues. Pursuant to the Note and the Loan Agreement, payments sufficient for the prompt payment when due of the principal of and interest on the Bonds are to be paid by the Borrower to the Trustee for the account of the Issuer. The obligations of the Borrower under the Note and the Loan Agreement are secured by the proceeds of the Bonds deposited into the Project Fund and Eligible Funds deposited into the Collateral Fund created pursuant to Section 4.01 of the Trust Indenture.

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

The Bonds are issuable in the form of registered Bonds without coupons in denominations of \$5,000 each or any integral multiple of \$1,000 in excess thereof (the “*Authorized Denominations*”).

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

The Bonds are subject to mandatory tender in whole on each Mandatory Tender Date. Holders will not have the right to elect to retain their Bonds. Upon presentation and surrender of the Bonds by the Holder on the date fixed for tender, the Holder shall be paid the principal amount of the Bonds to be tendered, plus accrued interest on such Bonds to the Mandatory Tender Date.

The Bonds are subject to optional redemption prior to their stated maturity, in whole or in part, as stated in the Indenture. Upon presentation and surrender of the Bonds by the Holder on the date fixed for redemption, the Holder shall be paid the principal amount of the Bonds to be redeemed, plus accrued interest on such Bonds to the redemption date.

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

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

In any case where the date of maturity or Interest Payment Date for this Bond shall not be a Business Day, the payment of interest or principal need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of maturity or Interest Payment Date, as applicable.

This Bond shall not be entitled to any benefit under the Trust Indenture, or be valid or become obligatory for any purpose, until the Trustee shall have executed the Certificate of Authentication appearing hereon.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Issuer has caused this Bond to be executed in its name by the manual or facsimile signature of an authorized officer and attested to by the manual or facsimile signature of an authorized officer of the Issuer, all as of the Dated Date identified above.

MCKINNEY HOUSING FINANCE CORPORATION

By: _____
Tyler Underwood, President

ATTEST:

By: _____
Cristel Todd, Secretary

FORM OF CERTIFICATE OF AUTHENTICATION

CERTIFICATE OF AUTHENTICATION

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

UMB BANK, N.A.

By: _____

Name: _____

Title: _____

Date of Authentication: _____

FORM OF ASSIGNMENT

ASSIGNMENT

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

(Please Print or Type Name and Address of Assignee)

Social Security or Taxpayer Identification Number: _____

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

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

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

Signature guaranteed by:

[Bank, Trust Company or Firm]

Authorized Signature

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

APPENDIX B

FORM OF REQUISITION

REQUISITION

STATEMENT NO. _____ REQUESTING DISBURSEMENT OF FUNDS FROM PROJECT FUND
PURSUANT TO SECTION 3.03 OF THE LOAN AGREEMENT

Pursuant to Section 3.03 of the Loan Agreement dated as of August 1, 2026 (the “*Loan Agreement*”) between the McKinney Housing Finance Corporation (the “*Issuer*”) and Skyway Villas (TX) Owner LP, a Texas limited partnership (the “*Borrower*”), the undersigned Borrower Representative hereby requests and authorizes UMB Bank, N.A., as trustee (the “*Trustee*”), as depositary of the Project Fund created by the Trust Indenture dated as of August 1, 2026 (the “*Indenture*”), between the Issuer and the Trustee, to pay [to the Borrower] [to [Lender Name], as Lender] [or to the Person(s) listed on the Disbursement Schedule hereto] out of the money deposited in the Project Fund the aggregate sum of \$_____ to pay the costs of the items listed in the Disbursement Schedule. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Loan Agreement and in the Indenture.

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

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

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

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

(d) After taking into account the proposed disbursement,

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

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

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

(e) There is no current or existing default or event of default pursuant to the terms of the Loan Agreement, the Regulatory Agreement or the Tax Certificates and no

event exists which by notice or passage of time or both would constitute an event of default under any of the foregoing documents.

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

(g) This statement and all exhibits hereto, including the Disbursement Schedule, shall be conclusive evidence of the facts and statements set forth herein and shall constitute full warranty, protection and authority to the Trustee for its actions taken pursuant hereto; *provided, however*, the Trustee is not responsible for reviewing or receiving such exhibits or any backup.

With respect to this disbursement, Borrower (i) certifies it has reviewed any wire instructions set forth herein to confirm such wire instructions are accurate, (ii) agrees to indemnify and hold harmless UMB Bank, N.A., from and against any and all claim, demand, loss, liability, or expense sustained, including but not limited to attorney fees, and expenses resulting directly or indirectly as a result of making the disbursement requested hereunder, and (iii) agrees it will not seek recourse from UMB Bank, N.A., as a result of losses incurred by it for making the disbursement in accordance with its instructions herein.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

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

This ____ day of _____, 20__.

SKYWAY VILLAS (TX) OWNER LP,
a Texas limited partnership

By: McKinney Skyway Villas GP, LLC,
a Texas limited liability company,
its general partner

By: McKinney Housing Finance Corporation,
a Texas public, nonprofit housing finance
corporation, its sole member

By: _____
Tyler Underwood, President

APPROVED:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association

By: _____

Name: _____

Title: _____

DISBURSEMENT SCHEDULE

TO STATEMENT NO. _____ REQUESTING AND AUTHORIZING DISBURSEMENT OF FUNDS FROM
PROJECT FUND PURSUANT TO SECTION 3.03 OF THE LOAN AGREEMENT

APPENDIX C

FUNDING LOAN AGREEMENT

FUNDING LOAN AGREEMENT – FIXED RATE – TEL (IMMEDIATE) (REVISED 4-20-2026)

THIS FUNDING LOAN AGREEMENT dated as of [FIRST DAY OF MONTH OF CONVERSION] (“*Funding Loan Agreement*”), is made by and among MCKINNEY HOUSING FINANCE CORPORATION (the “*Governmental Lender*”), UMB BANK, N.A., as fiscal agent (the “*Fiscal Agent*”), and WELLS FARGO BANK, NATIONAL ASSOCIATION (in such capacity, the “*Initial Funding Lender*”).

RECITALS

A. Pursuant to the Texas Housing Finance Corporations Act, Texas Local Government Code, Chapter 394 (the “*Act*”) and a Trust Indenture dated as of August 1, 2026 (the “*Indenture*”), by and between the Governmental Lender (as “*Issuer*”) and the Fiscal Agent (as “*Trustee*”), the Issuer issued and sold its \$[46,000,000] Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 (the “*Bonds*”) on August [___], 2026 (the “*Original Closing Date*”), and used the proceeds to make a loan to Skyway Villas (TX) Owner LP, a limited partnership formed in the State of Texas (the “*Borrower*”), upon the terms and conditions of a promissory note dated August [___], 2026, in the original principal amount of \$[46,000,000] (the “*Original Project Note*”), which Original Project Note was endorsed from the Issuer to the Trustee as security for the Bonds and the Loan Agreement dated as of August 1, 2026 (the “*Loan Agreement*”), by and between the Issuer and the Borrower to provide for the financing of a portion of the acquisition, rehabilitation and equipping of a multifamily rental housing development of approximately 232 multifamily rental housing units located at 2000 Skyline Drive, McKinney, Texas 75071, known as the Skyway Villas. The Land, Improvements, and Fixtures (each as defined in the Security Instrument) are collectively referred to herein as the “*Project*”.

B. Pursuant to the Act and the Project Loan Agreement dated as of the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “*Project Loan Agreement*”), among Governmental Lender, Fiscal Agent, and the Borrower, Governmental Lender is agreeing to make a mortgage loan to Borrower in the original principal amount of \$[_____] (the “*Project Loan*”) to provide for the financing of a portion of the Project during the Permanent Phase (as defined in the Indenture).

C. Governmental Lender is making the Project Loan with the proceeds received from the separate loan being made to Governmental Lender pursuant to this Funding Loan Agreement in the original principal amount of \$[_____] (the “*Funding Loan*” and together with the Project Loan, the “*Loans*”). The Funding Loan is being originated and funded by Initial Funding Lender hereunder and is evidenced by the Multifamily Housing Governmental Note (Skyway Villas), Series 2026 dated [CONVERSION DATE] (the “*Delivery Date*”), executed by Governmental Lender and authenticated by Fiscal Agent in favor of Initial Funding Lender and delivered to the Initial Funding Lender, in the form attached hereto as *Exhibit A* (as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in

substitution therefor, as such substitute note may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the “*Governmental Note*”).

D. Because the “Conditions to Conversion” (as defined in in the Construction Phase Financing Agreement dated as of August [___], 2026 (the “*Construction Phase Financing Agreement*”), by and among Wells Fargo Bank, National Association, the Initial Funding Lender and Freddie Mac) were satisfied on or prior to the Forward Commitment Maturity Date (as defined in the Construction Phase Financing Agreement), (i) the Bonds are subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds is being paid with amounts on deposit under the Indenture, (iii) a portion of the principal amount of the Bonds is being cancelled such that the principal amount outstanding equals the principal amount of the Funding Loan, (iv) the Bonds are being converted to a physical Governmental Note, which is being purchased by the Initial Funding Lender, (v) this Funding Loan Agreement and the Project Loan Agreement are being delivered by the respective parties and becoming effective and superseding the Indenture and the Loan Agreement, and (vi) Wells Fargo Bank, National Association is being paid in full in accordance with the Indenture.

E. On the Delivery Date, the Original Project Note is being amended and restated by an Amended and Restated Project Note dated the date hereof (together with all riders and modifications thereto, the “*Project Note*”) delivered to the Fiscal Agent as security for the Funding Loan.

F. Freddie Mac has entered into a commitment with Initial Funding Lender dated [____], 2026 (as the same may be amended, modified or supplemented from time to time, the “*Freddie Mac Commitment*”) whereby Freddie Mac has agreed to purchase the Funding Loan from Initial Funding Lender on the date of satisfaction of the conditions set forth therein (the “*Freddie Mac Purchase Date*”). On the Freddie Mac Purchase Date, Initial Funding Lender will assign all of its rights and interest in the Governmental Note, this Funding Loan Agreement, the Continuing Covenant Agreement and the other Financing Documents to Freddie Mac.

G. To secure Borrower’s obligations under the Project Note, Borrower will deliver to Governmental Lender a Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated the Delivery Date (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “*Security Instrument*”) granting a first priority mortgage and security interest in the Project in favor of Governmental Lender. Pursuant to the Assignment, the Security Instrument will be assigned by Governmental Lender to Fiscal Agent as security for the Funding Loan.

H. As a Condition to Conversion, the Borrower is required to enter into a Continuing Covenant Agreement dated the Delivery Date (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “*Continuing Covenant Agreement*”), with Initial Funding Lender, to set forth various other requirements with respect to the Loans and the Project, which will be assigned to Freddie Mac on the Freddie Mac Purchase Date.

I. On and after the Freddie Mac Purchase Date, Freddie Mac will act as Funding Lender Representative with respect to the Loans. Wells Fargo Bank, National Association will act as the initial Loan Servicer for the Loans on behalf of Funding Lender Representative.

J. Governmental Lender has determined that all things necessary to incur the Funding Loan and to make the Governmental Note, when executed by Governmental Lender and authenticated by Fiscal Agent and issued in accordance with this Funding Loan Agreement, the valid, binding and legal obligation of Governmental Lender and to constitute this Funding Loan Agreement a valid lien on the properties, interests, revenues and payments herein pledged to the payment of the principal of, Prepayment Premium, if any, and interest on, the Governmental Note, have been duly taken, and the creation, execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Note, subject to the terms of this Funding Loan Agreement, have been duly authorized by Governmental Lender.

K. Fiscal Agent has the power and authority to enter into this Funding Loan Agreement, including corporate trust powers to accept the trusts hereunder and to accept and assume its other responsibilities hereunder as Fiscal Agent as evidenced by its execution of this Funding Loan Agreement.

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Funding Loan by Initial Funding Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; SCHEDULE AND EXHIBITS

Section 1.01. Definitions. The terms used in this Funding Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Funding Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Project Loan Agreement and the Continuing Covenant Agreement.

“Act” is defined in the Recitals of this Funding Loan Agreement.

“Additional Servicing Fee” is defined in Section 2.09 hereof.

“Administration Fund” means the Administration Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“Assignment” means the Assignment of Security Instrument dated the Delivery Date by the Governmental Lender assigning its interest in the Security Instrument to Fiscal Agent.

“Authorized Officer” means (a) when used with respect to Governmental Lender, the President, Vice President, Secretary, Treasurer or Executive Director of Governmental Lender and such additional Person or Persons, if any, duly designated by Governmental Lender in writing to act on its behalf, (b) when used with respect to Borrower, any officer of the general partner and/or special limited partner of the Borrower and such additional Person or Persons, if any, duly designated by Borrower in writing to act on its behalf, (c) when used with respect to Fiscal Agent, any authorized signatory of Fiscal Agent, or any Person who is authorized in writing to take the action in question on behalf of Fiscal Agent, (d) when used with respect to Loan Servicer, any

Person or Persons duly designated by Loan Servicer in writing to act on its behalf, and (e) when used with respect to Funding Lender Representative, any Person who is authorized in writing to take the action in question on behalf of Funding Lender Representative.

“Bankruptcy Code” means the United States Bankruptcy Code, 11 U.S.C. Section 101 *et seq.*, as amended from time to time.

“Bond Counsel” means (a) on the Delivery Date, the law firm or law firms delivering the approving opinion(s) with respect to the Governmental Note, or (b) any other firm of attorneys selected by Governmental Lender that is experienced in matters relating to the issuance of obligations by states and their political subdivisions that is listed as municipal bond attorneys in The Bond Buyer’s Municipal Marketplace and is acceptable to Funding Lender Representative.

“Borrower” means the entity identified as “Borrower” in the Recitals of this Funding Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

“Borrower’s Tax Letter of Representation” means the Borrower’s Tax Letter of Representation executed by Borrower and delivered on August __, 2026, the initial delivery date of the Bonds.

“Business Day” means any day other than a Saturday, a Sunday, or any other day on which Fiscal Agent, Funding Lender or the national banking associations are not open for business. Unless specifically referenced in the Funding Loan Agreement as a Business Day, all references to “days” shall be to calendar days.

“Certificate of Governmental Lender” and *“Request of Governmental Lender”* mean, respectively, a written certificate or request signed in the name of Governmental Lender by an Authorized Officer of Governmental Lender or such other Person as may be designated and authorized to sign for Governmental Lender. Any such instrument and supporting opinions or representations, if any, may, but need not, be combined in a single instrument with any other instrument, opinion or representation, and the two or more so combined shall be read and construed as a single instrument.

“Code” means the Internal Revenue Code of 1986, as amended and in force and effect on the date hereof.

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

“Continuing Covenant Agreement” is defined in the Recitals of this Funding Loan Agreement.

“Cure Amount” is defined in Section 6.02 hereof.

“Default Rate” means the lower of (a) the Interest Rate otherwise in effect notwithstanding the default plus [four] percent ([4]%) per annum or (b) the Maximum Interest Rate.

“*Delivery Date*” means the date identified as “Delivery Date” in the Recitals of this Funding Loan Agreement, which is the date of funding of the Funding Loan and the delivery of the Governmental Note by Governmental Lender to Initial Funding Lender.

“*Determination of Taxability*” means, (a) a determination by the Commissioner or any District Director of the Internal Revenue Service, (b) a private ruling or Technical Advice Memorandum issued by the National Office of the Internal Revenue Service in which Governmental Lender and Borrower were afforded the opportunity to participate, (c) a determination by any court of competent jurisdiction, (d) the enactment of legislation or (e) receipt by Fiscal Agent or Funding Lender Representative, at the request of Governmental Lender, Borrower, Fiscal Agent or Funding Lender Representative, of an opinion of Bond Counsel, in each case to the effect that the interest on the Governmental Note is includible in the gross income for federal income tax purposes of Funding Lender or any former Funding Lender other than a Funding Lender who is a “substantial user” of the Project or a “related person” (as such terms are defined in Section 147(a) of the Code); *provided, however*, that no such Determination of Taxability under clause (a) or (c) shall be deemed to have occurred if Governmental Lender (at the sole expense of Borrower) or Borrower is contesting such determination, has elected to contest such determination in good faith and is proceeding with all applicable dispatch to prosecute such contest until the earliest of (i) a final determination from which no appeal may be taken with respect to such determination, (ii) abandonment of such appeal by Governmental Lender or Borrower, as the case may be, or (iii) one year from the date of initial determination.

“*Electronic Instruction and Notice*” means delivery of written instructions, directions and/or notice signed by an Authorized Officer in a Word format or a Portable Document Format (PDF) by electronic mail to the electronic mail addresses listed in Section 10.04 hereof (if any); *provided*, that if a sender receives notice that the electronic mail is undeliverable, notice must be sent as otherwise required by Section 10.04 hereof.

“*Escrow Agent*” means the Title Company or, if applicable, a separate escrow company selected by Borrower and acceptable to Initial Funding Lender that will handle the collection and disbursement of funds in connection with the closing of the Loans and, if applicable, the acquisition of the Project.

“*Event of Default*” means the occurrence of any event listed in Section 6.01 hereof.

“*Extraordinary Services*” means and includes, but not by way of limitation, services, actions and things carried out and all expenses incurred by Fiscal Agent, in respect of or to prevent default under this Funding Loan Agreement or the Project Loan Documents, including any reasonable attorneys’ or agents’ fees and expenses and other litigation costs that are entitled to reimbursement under the terms of the Project Loan Agreement, and other actions taken and carried out by Fiscal Agent which are not expressly set forth in this Funding Loan Agreement or the Project Loan Documents.

“*Fair Market Value*” means the price at which a willing buyer would purchase the investment from a willing seller in a bona fide, arm’s length transaction (determined as of the date the contract to purchase or sell the investment becomes binding) if the investment is traded on an established securities market (within the meaning of Section 1273 of the Code) and, otherwise, the

term “Fair Market Value” means the acquisition price in a bona fide arm’s length transaction (as referenced above) if (a) the investment is a certificate of deposit that is acquired in accordance with applicable regulations under the Code, (b) the investment is an agreement with specifically negotiated withdrawal or reinvestment provisions and a specifically negotiated interest rate (for example, a guaranteed investment contract, a forward supply contract or other investment agreement) that is acquired in accordance with applicable regulations under the Code, (c) the investment is a United States Treasury Security--State and Local Government Series that is acquired in accordance with applicable regulations of the United States Bureau of Public Debt, or (d) any commingled investment fund in which Governmental Lender and related parties do not own more than a ten percent (10%) beneficial interest therein if the return paid by the fund is without regard to the source of investment.

“*Financing Documents*” means, collectively, this Funding Loan Agreement, the Governmental Note, the Project Loan Documents and all other documents or instruments evidencing, securing or relating to the Loans.

“*Fiscal Agent*” means the entity identified as “Fiscal Agent” in the introductory paragraph of this Funding Loan Agreement, together with any successor Fiscal Agent(s) appointed hereunder.

“*Fiscal Agent’s Extraordinary Fees and Expenses*” means all those fees, expenses and reimbursements earned or incurred by Fiscal Agent as described in Section 7.05 hereof for Extraordinary Services, as set forth in a detailed invoice to Borrower, Loan Servicer and Funding Lender Representative.

“*Fiscal Agent’s Ordinary Fees and Expenses*” means the annual administration fee for Fiscal Agent’s ordinary fees and expenses in rendering its services under this Funding Loan Agreement during each twelve month period, which fee is equal to (and shall not exceed) \$5,000 (plus a one-time acceptance fee at closing of \$2,500) and shall be payable annually.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“*Freddie Mac Commitment*” is defined in the Recitals of this Funding Loan Agreement.

“*Freddie Mac Purchase Date*” is defined in the Recitals of this Funding Loan Agreement.

“*Funding Lender*” means any Person who is the holder of the Governmental Note.

“*Funding Lender Representative*” means Funding Lender or any Person designated by Funding Lender to act on behalf of Funding Lender as provided in Section 10.05, or an assignee of such Person as provided in Section 10.05. The initial Funding Lender Representative shall be Initial Funding Lender, and Freddie Mac shall become Funding Lender Representative upon the occurrence of the Freddie Mac Purchase Date.

“*Funding Loan*” is defined in the Recitals of this Funding Loan Agreement.

“*Funding Loan Agreement*” means this Funding Loan Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

“*Funding Loan Amortization Schedule*” means the Funding Loan Amortization Schedule attached as Schedule 1 to the Governmental Note.

“*Funding Loan Payment Date*” means (a) the first day of each calendar month, commencing [FIRST DAY OF MONTH IMMEDIATELY FOLLOWING CONVERSION DATE], (b) the date of any prepayment of the Funding Loan, but only with respect to the portion of the Funding Loan subject to prepayment, and (c) the Maturity Date.

“*Government Obligations*” means investments meeting the requirements of clause (a) or (b) of the definition of “Qualified Investments” herein.

“*Governmental Lender*” means the entity identified as “Governmental Lender” in the introductory paragraph of this Funding Loan Agreement.

“*Governmental Lender Fee*” means (a) a one-time fee equal to \$5.00 per \$1,000 of principal amount of the Governmental Note issued, with a minimum fee of \$20,000, which is payable on the Delivery Date to the Governmental Lender from funds provided by or on behalf of the Borrower and (b) the on-going fee payable to the Governmental Lender annually in arrears on each [MONTH OF CONVERSION] 1, commencing [____ 1, 20__], equal to 0.125% per annum of the initial aggregate principal amount of the Governmental Note, payable by the Borrower under the Project Loan Agreement.

“*Governmental Lender’s Certificate as to Tax Exemption*” means the Certificate as to Tax Exemption executed by the Governmental Lender and delivered on August __, 2026, the initial delivery date of the Bonds.

“*Governmental Note*” is defined in the Recitals of this Funding Loan Agreement.

“*Gross Proceeds*” means any proceeds, as defined in Section 1.148-1(b) of the Regulations, and any replacement proceeds, as defined in Section 1.148-1(c) of the Regulations, of the Governmental Note.

“*Guide*” means the *Freddie Mac Multifamily Seller/Service Guide*, as the same may be amended, modified or supplemented from time to time.

“*Initial Funding Lender*” means the entity identified as “Initial Funding Lender” in the introductory paragraph of this Funding Loan Agreement.

“*Interest Rate*” means the interest rate of [____]% per annum; provided during the continuance of any Event of Default hereunder, the Interest Rate shall be the Default Rate.

“*Investment Income*” means the earnings and profits derived from the investment of money pursuant to Section 4.07 hereof.

“*Investor Limited Partner*” means [____], a [____], as the investor limited partner of the Borrower, along with any successors and assigns in that capacity.

“*Loan Payment Fund*” means the Loan Payment Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“*Loan Prepayment Fund*” means the Loan Prepayment Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“*Loan Servicer*” or “*Servicer*” means any entity appointed by Funding Lender Representative to service the Loans and any successor in such capacity as appointed by Funding Lender Representative pursuant to Section 3.02 of the Project Loan Agreement. Initially, Loan Servicer shall be Wells Fargo Bank, National Association.

“*Loans*” is defined in the Recitals of this Funding Loan Agreement.

“*Low Income Tenants*” shall have the meaning ascribed to such term in the TEL Regulatory Agreement.

“*Maturity Date*” means September 1, 2044, which is the same as the Scheduled Maturity Date as defined in the Project Note.

“*Maximum Interest Rate*” means the rate of interest which results in the maximum amount of interest allowed by applicable law pursuant to Chapter 1204 of the Texas Government Code, as amended.

“*Net Proceeds*” when used with respect to any insurance or condemnation award, means the proceeds from the insurance or condemnation award with respect to which that term is used remaining after payment of all reasonable expenses incurred in the collection of such insurance proceeds or condemnation award, including reasonable attorneys’ fees.

“*New Borrower*” is defined in Section 6.12 hereof.

“*New Project Loan*” is defined in Section 6.12 hereof.

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

“*Notes*” means, together, the Project Note and the Governmental Note.

“*Original Closing Date*” has the meaning ascribed to such term in the Recitals of this Funding Loan Agreement.

“*Original Project Note*” ascribed to such term in the Recitals of this Funding Loan Agreement.

“*Person*” means any natural person, sole proprietorship, corporation, general partnership, limited partnership, limited liability company, limited liability partnership, limited liability limited partnership, joint venture, association, joint stock company, bank, trust, estate, unincorporated organization, any federal, state, county or municipal government (or any agency or political subdivision thereof), endowment fund or any other form of entity.

“*Pledged Security*” is defined in Section 2.02 hereof.

“*Prepayment Premium*” means any premium payable hereunder in connection with a prepayment of the Funding Loan, which premium shall be in an amount equal to the amount payable by Borrower under Section 4(d) of the Project Note in connection with a prepayment of the Project Loan.

“*Principal Office of Fiscal Agent*” means the office of Fiscal Agent referenced in Section 10.04(a) hereof, or such other office or offices as Fiscal Agent may designate in writing from time to time, or the office of any successor Fiscal Agent where it principally conducts its business of serving as Fiscal Agent under indentures pursuant to which municipal or governmental obligations are issued.

“*Project*” is defined in the Recitals of this Funding Loan Agreement.

“*Project Certificate*” means the Project Certificate executed by the Borrower in connection with the Funding Loan and dated the Delivery Date.

“*Project Loan*” is defined in the Recitals of this Funding Loan Agreement.

“*Project Loan Agreement*” is defined in the Recitals of this Funding Loan Agreement.

“*Project Loan Documents*” means the Security Instrument, the Project Note, the Project Loan Agreement, the TEL Regulatory Agreement, the Assignment, the Continuing Covenant Agreement, any Subordination Agreement(s) and any and all other instruments and other documents evidencing, securing, or otherwise relating to the Project Loan or any portion thereof.

“*Project Note*” is defined in the Recitals of this Funding Loan Agreement.

“*Property Jurisdiction*” means the State of Texas.

“*Qualified Investments*” means any of the following if and to the extent permitted by law:

- (a) Direct and general obligations of the United States of America.
- (b) Obligations of any agency or instrumentality of the United States of America the payment of the principal of and interest on which are unconditionally guaranteed by the full faith and credit of the United States of America.
- (c) Senior debt obligations of Freddie Mac.

(d) Senior debt obligations of the Federal National Mortgage Association (i.e., Fannie Mae).

(e) Demand deposits or time deposits with, or certificates of deposit issued by, Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000; *provided* that Fiscal Agent or such other institution has been rated at least “VMIG 1”/”A 1+” by one of the Rating Agencies which deposits or certificates are fully insured by the Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.

(f) Investment agreements with a bank or any insurance company or other financial institution which has a rating assigned by one of the Rating Agencies to its outstanding long-term unsecured debt which is the highest rating (as defined below) for long-term unsecured debt obligations assigned by one of the Rating Agencies, and which are approved by Funding Lender Representative.

(g) Shares or units in any money market mutual fund rated “Aaa”/”AAA” by one of the Rating Agencies (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security) (including mutual funds of Fiscal Agent or its affiliates or for which Fiscal Agent or an affiliate thereof serves as investment advisor or provides other services to such mutual fund receives reasonable compensation therefor) registered under the Investment Company Act of 1940, as amended, whose investment portfolio consists solely of (i) direct obligations of the government of the United States of America or (ii) tax-exempt obligations.

(h) (i) Tax-exempt obligations rated in the highest short term rating category by one of the Rating Agencies, or

(ii) Shares of a tax-exempt municipal money market mutual fund or other collective investment fund registered under the federal Investment Company Act of 1940, whose shares are registered under the Securities Act, having assets of at least \$100,000,000, and having a rating of “Aaa”/”AAA” by one of the Rating Agencies (or if a new rating scale is implemented, the equivalent rating category given by the Rating Agency for that general category of security), for which at least 95% of the income paid to the holders on interest in such money market fund will be excludable from gross income under Section 103 of the Code, including money market funds for which Fiscal Agent or its affiliates receive a fee for investment advisory or other services to the fund.

(i) Any other investments approved in writing by Funding Lender Representative.

For purposes of this definition, the “highest rating” shall mean a rating of at least “VMIG 1”/”A 1+” for obligations with less than one year maturity; at least “Aaa”/”VMIG 1”/”AAA”/”A 1+” for obligations with a maturity of one year or greater but less

than three years; and at least “Aaa”/“AAA” for obligations with a maturity of three years or greater. Qualified Investments must be limited to instruments that have a predetermined fixed dollar amount of principal due at maturity that cannot vary or change and interest, if tied to an index, shall be tied to a single interest rate index plus a single fixed spread, if any, and move proportionately with such index. Ratings of Qualified Investments shall be determined only at the time of purchase of such Qualified Investments and without regard to ratings subcategories.

“*Qualified Project Period*” shall have the meaning ascribed to such term in the TEL Regulatory Agreement.

“*Qualified Transferee*” is defined in Section 2.08 hereof.

“*Rating Agencies*” means Fitch, Inc., Moody’s Investors Service, Inc., or S&P Global Ratings, a division of S&P Global Inc., or any successor entity of the foregoing, or any other nationally recognized statistical rating organization.

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

“*Rebate Analyst*” means a certified public accountant or financial analyst, or any firm of the foregoing, or financial institution experienced in making the arbitrage and rebate calculations required pursuant to Section 148 of the Code, selected and retained by the Borrower at the expense of the Borrower, with the prior written consent of the Governmental Lender, to make the rebate computations required under this Funding Loan Agreement and the Project Loan Agreement. The initial Rebate Analyst shall be Hilltop Securities Asset Management, LLC.

“*Rebate Analyst Fee*” means the fee payable by the Borrower annually in advance to the Rebate Analyst on each January 1 in the amount of \$[1,800], commencing, on January 1, 2028, so long as the Governmental Note is outstanding.

“*Rebate Fund*” means the Rebate Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“*Rebate Year*” means each one-year period that ends at the close of business on the day in the calendar year that is selected by Borrower as indicated in the Tax Certificates. The first and last Rebate Years may be short periods. If no day is selected by Borrower before the earlier of the Maturity Date or the date that is five years after the Original Closing Date, each Rebate Year ends on each anniversary of the Original Closing Date and on the Maturity Date or date of earlier payment in full of the Governmental Note.

“*Regulations*” means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

“*Rehabilitation*” is defined in the Continuing Covenant Agreement.

“*Resolution*” means the resolution adopted by Governmental Lender authorizing the Funding Loan, the Project Loan and the execution and delivery of the Financing Documents to which it is a party.

“*Responsible Officer*” means any officer of Fiscal Agent employed within or otherwise having regular responsibility in connection with the corporate trust department of Fiscal Agent and the trusts created hereunder.

“*Revenue Fund*” means the Revenue Fund established by Fiscal Agent pursuant to Section 4.01 hereof.

“*Revenues*” means (a) all payments made with respect to the Project Loan pursuant to the Project Loan Agreement, the Project Note or the Security Instrument, including but not limited to all casualty or other insurance benefits and condemnation awards paid in connection therewith and all payments obtained through the exercise of remedies under the Financing Documents, and (b) all money and securities held by Fiscal Agent in the funds and accounts established pursuant to this Funding Loan Agreement (excluding money or securities designated for deposit into and held in the Administration Fund and the Rebate Fund), together with all investment earnings thereon.

“*Security Instrument*” is defined in the Recitals of this Funding Loan Agreement.

“*Securities Act*” means the Securities Act of 1933, as amended.

“*Servicing Fee*” is defined in the Project Loan Agreement.

“*Settlement Statement*” means the settlement statement prepared by the Escrow Agent and executed by Borrower setting forth the various funds to be collected and disbursed by the Escrow Agent on the Delivery Date.

“*Sponsoring Political Subdivision*” means the City of McKinney, Texas.

“*Stub Payment Amount*” means an amount equal to the sum of (a) the interest payable on the Funding Loan and (b) the ongoing fees and expenses payable with respect to the Project Loan (as provided in Section 4.02 of the Project Loan Agreement), in each case for the period commencing on the Delivery Date to but not including the first day of the calendar month immediately succeeding the Delivery Date.

“*Subordination Agreement*” means any subordination or intercreditor agreement(s) entered into with respect to any subordinate financing related to the Project, as the same may be amended, supplemented or restated.

“*Tax Certificates*” means jointly, (a) the Governmental Lender’s Certificate as to Tax Exemption and (b) the Borrower’s Tax Letter of Representation.

“*TEL Regulatory Agreement*” means the Regulatory Agreement and Declaration of Restrictive Covenants dated as of August 1, 2026, among the Governmental Lender, the Fiscal Agent and the Borrower.

“*Title Company*” means [First American Title Insurance Company], the title company insuring the lien of the Security Instrument and issuing the lender’s title insurance policy in favor of Governmental Lender and Fiscal Agent.

“*Transferee Representations Letter*” is defined in Section 2.08 hereof.

“*Treasury Regulations*” is defined in Section 5.07 hereof.

“*Unassigned Rights*” means all of the rights of Governmental Lender and its directors, officers, commissioners, elected officials, attorneys, accountants, employees, agents and consultants to be held harmless and indemnified, to be paid its fees and expenses, to give or withhold consent to amendments, changes, modifications and alterations, to receive notices and the right to enforce such rights.

“*Uniform Commercial Code*” means the Uniform Commercial Code as promulgated in the applicable jurisdiction.

“*Window Period*” means the three (3) consecutive month period prior to the Maturity Date.

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

Section 1.02. Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Funding Loan Agreement are to the designated Articles, Sections and other subdivisions of this Funding Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Funding Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

Section 1.03. Schedules and Exhibits.

SCHEDULES AND EXHIBITS

Schedule I	List of Funding Loan Agreement Sections
Exhibit A	Form of Governmental Note
Exhibit B	Notice of Appointment of Funding Lender Representative
Exhibit C	Transferee Representations Letter

ARTICLE II

THE FUNDING LOAN

Section 2.01. Terms. (a) Subject to Section 2.10 hereof, the Funding Loan shall be originated and funded by Initial Funding Lender to Governmental Lender on the Delivery Date in the original principal amount of \$[_____]. The proceeds of the Funding Loan shall be fully advanced by the Initial Funding Lender and deposited with the Fiscal Agent on the Delivery Date and shall be disbursed in accordance with the Indenture. The Funding Loan shall be evidenced by the Governmental Note and shall bear interest and be paid in accordance with the payment terms set forth in the Governmental Note and this Funding Loan Agreement.

(b) Reserved.

(c) Reserved.

(d) The Funding Loan shall bear interest payable on each Funding Loan Payment Date at the Interest Rate and shall mature on the Maturity Date, subject to scheduled monthly principal payments as provided in Section 2.01(e) below and optional and mandatory prepayment prior to maturity as provided in Article III hereof. Interest on the Funding Loan shall be computed on the basis of a 360-day year and the actual number of days elapsed.

(e) The unpaid principal balance of the Funding Loan shall be paid on the dates and in the amounts set forth on the Funding Loan Amortization Schedule attached as Schedule 1 to the Governmental Note. All unpaid principal and all accrued and unpaid interest outstanding under the Funding Loan shall be due and payable on the Maturity Date.

(f) Payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan shall be paid by wire transfer in immediately available funds to an account within the United States of America designated by Funding Lender (unless otherwise directed by Funding Lender).

(g) Subject to Section 2.12 hereof, on or before the date fixed for payment, money shall be deposited with Fiscal Agent to pay, and Fiscal Agent is hereby authorized and directed to apply such money to the payment of, the Funding Loan, together with accrued interest thereon to the date of payment.

(h) In no contingency or event whatsoever shall the aggregate of all amounts deemed interest hereunder and charged or collected pursuant to the terms of this Funding Loan Agreement exceed the highest rate permissible under any law which a court of competent jurisdiction shall, in a final determination, deem applicable hereto including Chapter 1204 of the Texas Government Code and other applicable laws of the State of Texas. In the event that such court determines Funding Lender has charged or received interest hereunder in excess of the highest applicable rate, Funding Lender shall apply, in its sole discretion, and set off such excess interest received by Funding Lender against other obligations due or to become due under the Financing Documents and such rate shall automatically be reduced to the maximum rate permitted by such law.

Section 2.02. Pledged Security. To secure the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan according to its tenor and effect, and the performance and observance by Governmental Lender of all the covenants expressed or implied herein and in the Governmental Note, and the payment and performance of all amounts and obligations under the Continuing Covenant Agreement, Governmental Lender does hereby grant, bargain, sell, convey, pledge and assign a security interest, unto Fiscal Agent, and its successors

in such capacity and its and their assigns in and to the following (said property being herein referred to as the “*Pledged Security*”) for the benefit of Funding Lender:

(a) All right, title and interest of Governmental Lender in and to all Revenues.

(b) All right, title and interest of Governmental Lender in and to the Project Loan Agreement, the Project Note, the Security Instrument and the other Project Loan Documents (other than the Unassigned Rights), including all extensions and renewals of the terms thereof, if any, including, but without limiting the generality of the foregoing, the present and continuing right to receive, receipt for, collect or make claim for any of the money, income, revenues, issues, profits and other amounts payable or receivable thereunder (including all casualty insurance proceeds or condemnation awards, payments, settlements or other compensation to be paid in connection therewith), whether payable under the above referenced documents or otherwise, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which Governmental Lender or any other Person is or may become entitled to do under said documents.

(c) Except for funds, money or securities in the Administration Fund and the Rebate Fund, all funds, money and securities and any and all other rights and interests in property whether tangible or intangible from time to time hereafter by delivery or by writing of any kind, conveyed, mortgaged, pledged, assigned or transferred as and for additional security hereunder for the Funding Loan by Governmental Lender or by anyone on its behalf or with its written consent to Fiscal Agent, which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

The foregoing notwithstanding, if Governmental Lender or its successors or assigns shall pay or cause to be paid to Funding Lender in full the principal, interest and Prepayment Premium, if any, to become due with respect to the Funding Loan at the times and in the manner provided in Article IX hereof, and if Governmental Lender shall keep, perform and observe, or cause to be kept, performed and observed, all of its covenants, warranties and agreements contained herein, then these presents and the estate and rights hereby granted shall, at the option of Governmental Lender, cease, terminate and be void, and thereupon Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and, subject to the provisions of Sections 4.09 and 4.10 hereof and Article IX hereof, reconvey to Governmental Lender the estate hereby conveyed, and assign and deliver to Governmental Lender any property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except for the Rebate Fund and cash held by Fiscal Agent for the payment of interest on and principal of the Governmental Note; otherwise this Funding Loan Agreement is to be and shall remain in full force and effect.

Section 2.03. Limited Obligations. Notwithstanding any other provision of this Funding Loan Agreement to the contrary, ANY OBLIGATION THAT THE GOVERNMENTAL LENDER MAY INCUR UNDER THIS FUNDING LOAN AGREEMENT OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION HERewith THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER, BUT SHALL BE A LIMITED OBLIGATION PAYABLE SOLELY FROM

THE PLEDGED SECURITY. THE GOVERNMENTAL NOTE, TOGETHER WITH INTEREST THEREON, SHALL BE A SPECIAL, LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE PLEDGED SECURITY. THE GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER THEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT. THE GOVERNMENTAL NOTE DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION, OR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE GOVERNMENTAL NOTE DOES NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION OR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE GOVERNMENTAL NOTE. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

Section 2.04. Funding Loan Agreement Constitutes Contract. In consideration of the origination and funding of the Funding Loan by Initial Funding Lender, the provisions of this Funding Loan Agreement shall be part of the contract of Governmental Lender with Initial Funding Lender and any successors or assigns thereof in such capacity from time to time.

Section 2.05. Form and Execution. The Governmental Note shall be in substantially the form attached as *Exhibit A*.

The Governmental Note shall be executed on behalf of the Governmental Lender by the manual or facsimile signature of the President, Vice President or Treasurer of the Governmental Lender, and attested by the manual or facsimile signature of the Secretary of the Governmental Lender. Any facsimile signatures shall have the same force and effect as if said officers had manually signed the Governmental Note. The signatures of individuals who were the proper officers of the Governmental Lender at the time of execution shall bind the Governmental Lender, notwithstanding that such individuals or any of them shall have ceased to hold such offices prior to the delivery of the Governmental Note or shall not have held such offices on the date of the Governmental Note.

Section 2.06. Authentication. The Governmental Note shall not be valid or obligatory for any purpose or entitled to any security or benefit under this Funding Loan Agreement unless a certificate of authentication on the Governmental Note, substantially in the form set forth in *Exhibit A*, shall have been duly executed by manual signature of an Authorized Officer of Fiscal Agent; and such executed certificate of authentication upon the Governmental Note shall be conclusive evidence, and the only evidence that the Governmental Note has been duly executed, registered, authenticated and delivered under this Funding Loan Agreement.

Section 2.07. Mutilated, Lost, Stolen or Destroyed Governmental Note. In the event the Governmental Note is mutilated, lost, stolen or destroyed, Governmental Lender shall execute and Fiscal Agent shall authenticate a new Governmental Note substantially in the form set forth in *Exhibit A* in exchange and substitution for and upon cancellation of the mutilated Governmental Note or in lieu of and in substitution for such lost, stolen or destroyed Governmental Note, upon payment by Funding Lender of any applicable tax or governmental charge and the reasonable

expenses and charges of Governmental Lender and Fiscal Agent in connection therewith, and in the case where the Governmental Note is lost, stolen or destroyed, the filing with Fiscal Agent of evidence satisfactory to it that the Governmental Note was lost, stolen or destroyed, and of the ownership thereof, and furnishing Governmental Lender and Fiscal Agent with indemnity satisfactory to each of them. In the event where the Governmental Note shall have matured, instead of delivering a new Governmental Note, Governmental Lender may pay the same without surrender thereof.

Section 2.08. Registration; Transfer of Funding Loan; Transferee Representations Letter. (a) The Funding Loan shall be fully registered as to principal and interest in the manner and with any additional designation as Fiscal Agent deems necessary for the purpose of identifying the registered owner thereof. The Funding Loan shall be transferable only on the registration books of Fiscal Agent. Fiscal Agent shall maintain books or other records showing the name and date of registration, address and employer identification number of the registered owner of the Funding Loan and any transfers of the Funding Loan as provided herein. The Funding Loan shall initially be registered to the Initial Funding Lender, and upon the Freddie Mac Purchase Date, shall be registered to Freddie Mac.

(b) Funding Lender shall have the right to sell, assign or otherwise transfer in whole its interest in the Funding Loan or to grant a participation interest in the Funding Loan in a percentage of not less than twenty-five percent (25%) of the outstanding principal amount of the Funding Loan; *provided* that the Funding Loan may be transferred, or any participation interest therein granted, only to an “accredited investor” as that term is defined in Rule 501 of Regulation D under the Securities Act or a “qualified institutional buyer” as that term is defined under Rule 144A of the Securities Act (such “accredited investor” or “qualified institutional buyer” a “*Qualified Transferee*”) that delivers a letter to Fiscal Agent substantially in the form attached hereto as *Exhibit C* setting forth certain representations with respect to such Qualified Transferee (the “*Transferee Representations Letter*”). Notwithstanding the preceding sentence, no Transferee Representations Letter shall be required for Funding Lender to:

(i) Transfer the Funding Loan to any affiliate or other party related to Funding Lender that is a Qualified Transferee.

(ii) Sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold or transferred except to (A) owners or beneficial owners thereof that are Qualified Transferees or (B) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least “A” or better.

In connection with any sale, assignment or transfer of the Funding Loan, Funding Lender shall give notice of such sale, assignment or transfer to Fiscal Agent and Fiscal Agent shall record such sale, assignment or transfer on its books or other records maintained for the registration of transfer of the Funding Loan. It shall not be necessary to present, exchange, or re-authenticate the Governmental Note in connection with any sale, assignment or transfer of the Funding Loan, *provided* that Funding Lender shall provide Fiscal Agent with (i) a copy of a signed Transferee Representations Letter from the assignee or transferee as provided in this subsection, and (ii) with

the name and date of registration, address, and employer identification number of the assignee or transferee, so that Fiscal Agent may maintain the registration records, together with any information necessary to allow Fiscal Agent to comply with any applicable tax reporting obligations.

Section 2.09. Securitization; Allocation of Funding Loan Interest. In accordance with the provisions of Section 2.08 hereof, Funding Lender may transfer the Funding Loan to a Qualified Transferee in connection with the securitization of the Funding Loan, in which event Funding Lender Representative may direct Fiscal Agent in writing to make all future payments with respect to the Funding Loan to the appointed master servicer for that securitization (or an account designated by such master servicer), and Fiscal Agent shall accept such written direction from Funding Lender Representative. In the event that Funding Lender transfers the Funding Loan to a Qualified Transferee in accordance with the provisions of Section 2.08 hereof, Funding Lender Representative may also give written notice to Fiscal Agent that Funding Lender has agreed to allow Loan Servicer to retain a portion of the monthly interest payable on the Funding Loan as additional compensation for the servicing of the Funding Loan (an “*Additional Servicing Fee*”), which Additional Servicing Fee will equal no more than an annual 2 basis points with respect to the unpaid principal balance of the Governmental Note, in which event Fiscal Agent shall accept and pay to Funding Lender such lesser amount of interest received from Loan Servicer and shall consider such payment to be in full compliance with the terms of the Governmental Note, the Project Note and all other Financing Documents with regard to the interest owed on the Funding Loan.

Section 2.10. Funding Loan Closing Conditions; Delivery of Governmental Note. In addition to the Conditions to Conversion set forth in the Freddie Mac Commitment and the Construction Phase Financing Agreement, and the satisfaction of the items set forth in Section 2.12(b) of the Indenture, the Conversion shall be conditioned upon, and Governmental Lender shall only execute and deliver to Fiscal Agent, and Fiscal Agent shall only authenticate the Governmental Note and deliver the Governmental Note to Initial Funding Lender upon receipt by Fiscal Agent of all of the following, each of which may be an electronic copy:

(a) Executed counterparts of this Funding Loan Agreement, the Project Loan Agreement and the Project Certificate.

(b) An opinion of Bond Counsel or counsel to Governmental Lender to the effect that Governmental Lender is duly organized and existing under the laws of the Property Jurisdiction and has duly authorized, executed and delivered this Funding Loan Agreement, the Governmental Note and the other documents specifically listed in the definition of Financing Documents to which it is a party, and such documents are valid and binding special, limited obligations of Governmental Lender enforceable in accordance with their terms subject to customary exceptions.

(c) The proceeds of the Funding Loan from the original funding thereof by Initial Funding Lender.

(d) The executed Project Note.

(e) A copy of the executed Security Instrument (to be delivered to the Title Company for recording in the appropriate office for officially recording real estate documents in Collin County, Texas) and the Continuing Covenant Agreement.

(f) An opinion of counsel to Borrower to the effect that Borrower is duly organized and validly existing and in good standing under the laws of the state in which it has been organized and has full power and authority to enter into the documents specifically listed in the definition of Financing Documents to which it is a party, that its execution and delivery of and performance of its covenants in such documents do not contravene law or any provision of any other documents to which it is a party or by which it or such property is bound or affected, and that all such agreements have been duly authorized, executed and delivered by Borrower, and are legal, valid and binding obligations of Borrower enforceable against Borrower in accordance with their respective terms.

(g) An opinion of Bond Counsel to the effect that the conversion of the Bonds to the Governmental Note, will not, in and of itself, adversely affect the excludability of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.

(h) An opinion of Bond Counsel to the effect that the Governmental Note is exempt from registration under the Securities Act, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended.

(i) An executed copy of the Resolution.

(j) The written request and authorization to Fiscal Agent by Governmental Lender to authenticate and deliver the Governmental Note to Initial Funding Lender upon funding to Fiscal Agent of the full amount of the Funding Loan.

(k) Reserved.

(l) A Transferee Representations Letter from Initial Funding Lender substantially in the form attached hereto as *Exhibit C* setting forth certain representations with respect to the Initial Funding Lender.

(m) Confirmation that all conditions stated in Section 3.01 of the Project Loan Agreement have been satisfied, which condition shall be deemed satisfied upon delivery of the opinions of Bond Counsel required by Sections 2.10(b) and (g) hereof.

Section 2.11. Application of Funding Loan Proceeds and Other Money. (a) Reserved.

(b) The proceeds of the Funding Loan shall be delivered by Initial Funding Lender to Fiscal Agent on behalf of Governmental Lender on the Delivery Date.

(c) Governmental Lender shall cause Borrower to deliver from sources other than the Loans: to Loan Servicer, on or prior to the Delivery Date, the Stub Payment Amount.

(d) Upon the making of the initial deposits described above in this Section 2.11, Governmental Lender shall originate the Project Loan pursuant to the Project Loan Agreement and Mortgage Loan (as defined in the Indenture) shall be repaid in full, with amounts on deposit in the Mortgage Loan Repayment Fund established in the Indenture.

Section 2.12. Direct Loan Payments to Funding Lender; Loan Servicer Disbursement of Fees. (a) Notwithstanding any provision in this Funding Loan Agreement to the contrary, during any period that a Loan Servicer is engaged with respect to the Loans, Governmental Lender and Fiscal Agent agree that all payments of principal of, Prepayment Premium, if any, and interest on the Funding Loan and all fees due hereunder and under the Project Loan Agreement shall be paid by Borrower to Loan Servicer. The Loan Servicer shall remit all payments collected from the Borrower of principal of, Prepayment Premium, if any, and interest on the Funding Loan, together with other amounts due to the Funding Lender, directly to Funding Lender (without payment through Fiscal Agent) per the instructions of the Funding Lender Representative. Loan Servicer shall be entitled to retain its Servicing Fee collected from Borrower and shall remit the Governmental Lender Fee to Governmental Lender and shall remit the Fiscal Agent's Ordinary Fees and Expenses to Fiscal Agent, together with any other amounts due to Governmental Lender and Fiscal Agent collected by Loan Servicer from Borrower, in each case in accordance with their respective instructions. Any payment made in accordance with the provisions of this Section 2.12 shall be accompanied by sufficient information to identify the source and proper application of such payment. Loan Servicer shall promptly notify Fiscal Agent, Funding Lender Representative and Governmental Lender in writing of any failure of Borrower to make any payment of principal of, Prepayment Premium, if any, and interest on the Funding Loan when due or to pay any fees due hereunder or under the Project Loan Agreement, and Fiscal Agent and Governmental Lender shall not be deemed to have any notice of such failure unless it has received such notice in writing.

(b) If the Governmental Note is sold or transferred as provided in Section 2.08, Funding Lender Representative shall notify Fiscal Agent, Governmental Lender and Borrower in writing of the name and address of the transferee.

(c) So long as payments of principal of, Prepayment Premium, if any, and interest on the Governmental Note and all fees due hereunder and under the Project Loan Agreement are being made to Loan Servicer in accordance with this Section 2.12 and no Event of Default has occurred of which Fiscal Agent has been given, or been deemed to have, notice thereof pursuant to this Funding Loan Agreement, Fiscal Agent shall have no obligations to collect loan payments with respect to the Funding Loan, nor shall it be obligated to collect loan payments or fee payments pursuant to the Project Loan Agreement, except at the express written direction of Funding Lender Representative. Notwithstanding the foregoing, Funding Lender Representative may elect to have Fiscal Agent collect and remit loan payments and fee payments hereunder and under the Project Loan Agreement upon written notice of such election to Fiscal Agent, Borrower and Governmental Lender.

ARTICLE III

PREPAYMENT OF THE FUNDING LOAN

Section 3.01. Prepayment of the Funding Loan Prior to Maturity.

(a) *Optional Prepayment.* The Funding Loan, together with accrued interest thereon and any Prepayment Premium, is subject to optional prepayment in whole upon optional prepayment of the Project Loan in accordance with the notice and other prepayment provisions set forth in the Project Note.

(b) *Mandatory Prepayment.* The Funding Loan, together with accrued interest thereon and any Prepayment Premium, is subject to mandatory prepayment on any Business Day, in whole or in part as indicated below, at the earliest practicable date in whole or in part, upon the occurrence of a mandatory prepayment of the Project Loan pursuant to Section 4(b) of the Project Note and receipt by Fiscal Agent of a written direction by Funding Lender Representative that the Funding Loan shall be subject to mandatory prepayment as a result thereof.

Section 3.02. Notice of Prepayment. Notice of the intended prepayment of the Funding Loan shall be given by Fiscal Agent by first class mail, postage prepaid, or by overnight delivery service, to Funding Lender. All such prepayment notices shall be given not less than ten (10) days (not less than thirty (30) days in the case of optional prepayment) nor more than sixty (60) days prior to the date fixed for prepayment. Notices of prepayment shall state all of the following:

- (a) The prepayment date.
- (b) The prepayment amount.
- (c) The place or places where amounts due upon such prepayment will be payable.

Notice of such prepayment shall also be sent by first class mail, postage prepaid, or by overnight delivery service, to Loan Servicer and Fiscal Agent, not later than the time of mailing of notices required by the first paragraph above, and in any event no later than simultaneously with the mailing of notices required by the first paragraph above; *provided*, that neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the prepayment of the Funding Loan.

Notwithstanding the foregoing, in the event Fiscal Agent is not collecting and remitting loan payments hereunder, Fiscal Agent shall have no obligation to send prepayment notices pursuant to this Section 3.02.

ARTICLE IV

REVENUES AND FUNDS

Section 4.01. Pledge of Revenues and Assets; Establishment of Funds. The pledge and assignment of and the security interest granted in the Pledged Security pursuant to Section 2.02 hereof shall attach, be perfected and be valid and binding from and after the time of the closing of the Funding Loan and delivery of the Governmental Note by Fiscal Agent or by any Person authorized by Fiscal Agent to deliver the Governmental Note. The Pledged Security so pledged and then or thereafter received by Fiscal Agent shall immediately be subject to the lien of such pledge and security interest without any physical delivery thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all

parties having claims of any kind in tort, contract or otherwise against Governmental Lender irrespective of whether such parties have notice thereof.

Fiscal Agent shall establish, maintain and hold in trust the following funds and accounts, each of which is hereby established and each of which shall be disbursed and applied only as herein authorized:

- (a) Revenue Fund;
- (b) Loan Payment Fund;
- (c) Loan Prepayment Fund;
- (d) Administration Fund;
- (e) Reserved; and
- (f) Rebate Fund.

The funds and accounts established pursuant to this Section 4.01 shall be maintained in the corporate trust department of Fiscal Agent as segregated trust accounts, separate and identifiable from all other funds held by Fiscal Agent. Fiscal Agent shall, at the written direction of an Authorized Officer of Governmental Lender, and may, in its discretion, establish such additional accounts within any Fund, and subaccounts within any of the accounts, as Governmental Lender or Fiscal Agent may deem necessary or useful for the purpose of identifying more precisely the sources of payments into and disbursements from that fund and its accounts, or for the purpose of complying with the requirements of the Code relating to arbitrage, but the establishment of any such account or subaccount shall not alter or modify any of the requirements of this Funding Loan Agreement with respect to a deposit or use of money in the funds established hereunder, or result in commingling of funds not permitted hereunder.

Section 4.02. Reserved.

Section 4.03. Application of Revenues. (a) All Revenues received by Fiscal Agent shall be deposited by Fiscal Agent, promptly upon receipt thereof, to the Revenue Fund, except for each of the following:

- (i) Proceeds of the Funding Loan received by Fiscal Agent on the Delivery Date, which shall be applied in accordance with the provisions of Section 2.11 hereof.
- (ii) Deposits into the Loan Prepayment Fund as required under subsection (c) of this Section 4.03.
- (iii) Investment Income to the extent required under the terms hereof to be retained in the funds and accounts to which they are attributable.
- (iv) Amounts required to be transferred between funds and accounts as provided in this Article IV.

(b) Subject to Section 2.12 hereof, on each Funding Loan Payment Date or any other date on which payment of principal of or interest on the Funding Loan becomes due and payable, Fiscal Agent, out of money in the Revenue Fund, shall credit the following amounts to the following funds, but in the order and within the limitations hereinafter indicated with respect thereto, as follows:

FIRST, to the Loan Payment Fund, an amount equal to the principal of and interest due on the Funding Loan on such date (including scheduled principal pursuant to the Funding Loan Amortization Schedule); and

SECOND, to the Loan Prepayment Fund, an amount equal to the principal and interest due on the Funding Loan on such date with respect to a mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b) hereof (other than any extraordinary mandatory prepayment as described in Section 4.03(c)(i) or (iii) below).

(c) Promptly upon receipt, Fiscal Agent shall deposit each of the following directly into the Loan Prepayment Fund:

(i) Net Proceeds representing casualty insurance proceeds or condemnation awards paid as a prepayment of the Project Loan, such amount to be applied to provide for the extraordinary mandatory prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(b)(i) hereof.

(ii) Funds paid to Fiscal Agent to be applied to the optional prepayment of all or a portion of the Funding Loan pursuant to Section 3.01(a).

(d) Subject to Section 2.12 hereof, should the amount in the Loan Payment Fund be insufficient to pay the amount due on the Funding Loan on any given Funding Loan Payment Date, Fiscal Agent shall credit to the Loan Payment Fund the amount of such deficiency by charging the following funds and accounts in the following order of priority: (i) the Revenue Fund; and (ii) the Loan Prepayment Fund, except no such charge to the Loan Prepayment Fund shall be made from money to be used to effect a prepayment for which notice of prepayment has been provided for hereunder.

Section 4.04. Application of Loan Payment Fund. Subject to Section 2.12 hereof, Fiscal Agent shall charge the Loan Payment Fund, on each Funding Loan Payment Date, an amount equal to the unpaid interest and principal due on the Funding Loan on such Funding Loan Payment Date as provided in Section 4.03(a) and (b), and shall cause the same to be applied to the payment of such interest and principal when due. Any money remaining in the Loan Payment Fund on any Funding Loan Payment Date after application as provided in the preceding sentence may, to the extent there shall exist any deficiency in the Loan Prepayment Fund to prepay the Funding Loan if called for prepayment on such Funding Loan Payment Date, be transferred to the Loan Prepayment Fund to be applied for such purpose. Any Investment Income on amounts on deposit in the Loan Payment Fund shall be deposited by Fiscal Agent upon receipt thereof in the Revenue Fund. No amount shall be charged against the Loan Payment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.05. Application of Loan Prepayment Fund. Any money credited to the Loan Prepayment Fund shall be applied as set forth in Sections 4.03(b) and 4.03(c) hereof; *provided, however,* that to the extent any money credited to the Loan Prepayment Fund is in excess of the amount necessary to effect the prepayments described in Sections 4.03(b) and 4.03(c) hereof it shall be applied to make up any deficiency in the Loan Payment Fund on any Funding Loan Payment Date, to the extent money then available in accordance with Section 4.03(d) hereof in the Revenue Fund is insufficient to make up such deficiency; *provided* that no money to be used to effect a prepayment for which a notice of prepayment has been provided shall be so transferred to the Loan Payment Fund. On or before each Funding Loan Payment Date, any Investment Income on amounts on deposit in the Loan Prepayment Fund shall be credited by Fiscal Agent to the Revenue Fund. No amount shall be charged against the Loan Prepayment Fund except as expressly provided in this Article IV and in Section 6.05 hereof.

Section 4.06. Administration Fund. Subject to Section 2.12 hereof, Fiscal Agent shall deposit into the Administration Fund, promptly upon receipt thereof, all amounts received from Loan Servicer (or Borrower if no Loan Servicer exists for the Loans) designated for deposit into such fund. Amounts in the Administration Fund shall be withdrawn or maintained, as appropriate, by Fiscal Agent and used:

FIRST, to pay to Fiscal Agent when due the Fiscal Agent's Ordinary Fees and Expenses;

SECOND, to pay to Governmental Lender when due the Governmental Lender Fee;

Third, to pay when due the Rebate Analyst Fee in connection with the computations relating to arbitrage rebate required under this Funding Loan Agreement and the Project Loan Agreement, upon receipt of an invoice from Rebate Analyst;

FOURTH, to pay to Fiscal Agent any Fiscal Agent's Extraordinary Fees and Expenses due and payable from time to time, as set forth in an invoice submitted to Borrower and Loan Servicer;

FIFTH, to pay to Governmental Lender any extraordinary expenses it may incur in connection with the Loans or this Funding Loan Agreement from time to time, as set forth in an invoice submitted to Fiscal Agent and Loan Servicer;

SIXTH, to pay to Funding Lender Representative any unpaid amounts due under the Continuing Covenant Agreement, as certified in writing by Funding Lender Representative to Fiscal Agent;

SEVENTH, to make up any deficiency in the Loan Prepayment Fund on any prepayment date of the Funding Loan, to the extent money then available in accordance with Section 4.03(d) hereof in the Loan Prepayment Fund is insufficient to prepay the Funding Loan scheduled for prepayment on such prepayment date; and

EIGHTH, to transfer any remaining balance after application as aforesaid to the Revenue Fund.

In the event that the amounts on deposit in the Administration Fund are not equal to the amounts payable from the Administration Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, Fiscal Agent shall give notice to Borrower and Loan Servicer of such deficiency and of the amount of such deficiency and request payment within two (2) Business Days to Fiscal Agent of the amount of such deficiency. Upon payment by Borrower or Loan Servicer of such deficiency, the amounts for which such deficiency was requested shall be paid by Fiscal Agent. On or before each Funding Loan Payment Date, any Investment Income on amounts on deposit in the Administration Fund not needed to pay the foregoing amounts shall be credited by Fiscal Agent to the Revenue Fund. No amount shall be charged against the Administration Fund except as expressly provided in this Article IV and Section 6.05 hereof.

Section 4.07. Investment of Funds. The money held by Fiscal Agent shall constitute trust funds for the purposes hereof. Any money attributable to each of the funds and accounts hereunder shall be, except as otherwise expressly provided herein, invested by Fiscal Agent, at the written direction of Borrower (or, in the case of the Rebate Fund, as provided in Section 5.07(b)), in Qualified Investments which mature or shall be subject to prepayment or withdrawal at par without penalty on or prior to the earlier of (a) six (6) months from the date of investment and (b) the date such money is needed; *provided*, that if Fiscal Agent shall have entered into any investment agreement requiring investment of money in any fund or account hereunder in accordance with such investment agreement and if such investment agreement constitutes a Qualified Investment, such money shall be invested in accordance with such requirements. Such investments may be made through the investment or securities department of Fiscal Agent. Fiscal Agent may purchase from or sell to itself or an affiliate, as principal or agent, securities herein authorized and, in such capacity, Fiscal Agent or such affiliate may charge its ordinary and customary fees for such trades, including account maintenance fees, which fees, for purposes of this Funding Loan Agreement, shall be treated as Fiscal Agent's Extraordinary Fees and Expenses. Fiscal Agent shall be entitled to assume, absent receipt by Fiscal Agent of written notice to the contrary, that any investment which at the time of purchase is a Qualified Investment remains a Qualified Investment thereafter. In no event shall Fiscal Agent be required to provide supervision, recommendations, or advice with respect to any investment. In the absence of written direction from Borrower, Fiscal Agent shall hold amounts on deposit in the funds and accounts established under this Funding Loan Agreement uninvested.

Qualified Investments representing an investment of money attributable to any fund or account shall be deemed at all times to be a part of said fund or account, and, except as otherwise may be provided expressly in other Sections hereof, the interest thereon and any profit arising on the sale thereof shall be credited to the Revenue Fund, and any loss resulting on the sale thereof shall be charged against the Revenue Fund. Such investments shall be sold at the current market price obtainable (but not less than par) whenever it shall be necessary to do so in order to provide money to make any transfer, withdrawal, payment or disbursement from said fund or account. In the case of any required transfer of money to another such fund or account, such investments may be transferred to that fund or account in lieu of the required money if permitted hereby as an investment of money in that fund or account. Fiscal Agent shall not be liable or responsible for any loss resulting from any investment made in accordance herewith.

Governmental Lender acknowledges that to the extent that regulations of the Office of the Comptroller of the Currency or other applicable regulatory agency grant Governmental Lender the right to receive brokerage confirmations of the security transactions as they occur, to the extent permitted by law, Governmental Lender specifically waives compliance with 12 C.F.R. 12 and hereby notifies Fiscal Agent hereunder, that no brokerage confirmations need be sent relating to the security transactions as they occur.

In computing for any purpose hereunder the amount in any fund or account on any date, obligations so purchased shall be valued at Fair Market Value.

Section 4.08. Accounting Records. Fiscal Agent shall maintain accurate books and records for all funds and accounts established hereunder.

Section 4.09. Amounts Remaining in Funds. After full payment of the Funding Loan (or provision for payment thereof having been made in accordance with Section 9.01 hereof) and full payment of the fees, charges and expenses of Governmental Lender, Fiscal Agent, Rebate Analyst, Funding Lender and Loan Servicer and other amounts required to be paid hereunder or under any of the Project Loan Documents, including, but not limited to, the Continuing Covenant Agreement (as certified in writing to Fiscal Agent by Governmental Lender with respect to amounts due to Governmental Lender and by Funding Lender Representative or Loan Servicer on its behalf with respect to amounts owed under the Continuing Covenant Agreement and by Rebate Analyst with respect to amounts due to Rebate Analyst), any amounts remaining in any fund or account hereunder other than the Rebate Fund shall be paid to Borrower.

Section 4.10. Rebate Fund. The Rebate Fund shall be established by Fiscal Agent and held and applied as provided in this Section 4.10. On any date on which any amounts are required by applicable federal tax law to be rebated to the federal government, amounts shall be deposited into the Rebate Fund by Borrower for such purpose. All money at any time deposited in the Rebate Fund shall be held by Fiscal Agent in trust, to the extent required to satisfy the rebate requirement (as set forth below) and as calculated by Rebate Analyst, for payment to the government of the United States of America, and neither Governmental Lender, Borrower nor Funding Lender shall have any rights in or claim to such money. All amounts deposited into or on deposit in the Rebate Fund shall be governed by this Section 4.10. Fiscal Agent shall conclusively be deemed to have complied with such provisions if it follows the written instructions of Governmental Lender, Bond Counsel or Rebate Analyst, including supplying all necessary information in the manner set forth herein, and shall not be required to take any actions under this section in the absence of written instructions from Governmental Lender, Bond Counsel or Rebate Analyst.

(a) The Fiscal Agent shall maintain the Rebate Fund for the benefit of all persons who are or have at any time been a holder of the Governmental Note, at all times prior to the final payment to the United States of America of the amounts described in Subsection (c) of this Section which fund shall not be part of the trust estate established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and Investment Income therefrom, shall be held in trust separately and apart from the other funds held under the Indenture and applied solely as provided in this Section, unless in the opinion of Bond Counsel failure to make such application will not adversely affect any exclusion from gross income of interest on the Governmental Note under the Code.

(b) The Fiscal Agent shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. The Fiscal Agent shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund.

(c) (i) Within 30 days after each Computation Date, the Fiscal Agent, on behalf of the Governmental Lender, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by Section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its legal counsel and as provided in subsection (iii) below.

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

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

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

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

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

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

Any funds remaining in the Rebate Fund after payment in full of the Funding Loan and payment and satisfaction of any rebate requirement, or provision made therefor satisfactory to Fiscal Agent, shall be withdrawn and remitted to Borrower.

Section 4.11. Reserved.

Section 4.12. Reports from Fiscal Agent. Fiscal Agent shall, on or before the fifteenth (15th) day of each month, file with Funding Lender Representative, Loan Servicer, Governmental Lender (at its written request) and Borrower a statement setting forth in respect of the preceding calendar month all of the following:

(a) The amount withdrawn or transferred by it, and the amount deposited within or on account of each fund and account held by it under the provisions of this Funding Loan Agreement, including the amount of Investment Income on each fund and account.

(b) The amount on deposit with it at the end of such month to the credit of each fund and account.

(c) A brief description of all obligations held by it as an investment of money in each such fund and account.

(d) Any other information which Funding Lender Representative or Governmental Lender may reasonably request and to which Fiscal Agent has access in the ordinary course of its operations.

Upon the written request of Funding Lender, Fiscal Agent, at the cost of Borrower, shall provide a copy of such statement to Funding Lender. All records and files pertaining to the Pledged Security shall be open at all reasonable times to the inspection of Governmental Lender and Funding Lender Representative or Loan Servicer and their agents and representatives upon reasonable prior notice during normal business hours.

ARTICLE V

GENERAL COVENANTS AND REPRESENTATIONS

Section 5.01. Payment of Principal and Interest. Governmental Lender covenants that it will promptly pay or cause to be paid, but only from the sources identified herein, sufficient amounts to provide for the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan at the place, on the dates and in the manner provided herein and in the Governmental Note, according to the true intent and meaning thereof.

Section 5.02. Performance of Covenants. Governmental Lender covenants that it will faithfully perform at all times any and all of its covenants, undertakings, stipulations and provisions contained in this Funding Loan Agreement, in the Governmental Note and in all proceedings pertaining thereto.

Section 5.03. Instruments of Further Assurance. Governmental Lender covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such supplements hereto, and such further acts, instruments and transfers as may be reasonably required for the better assuring, transferring, conveying, pledging, assigning and confirming unto Fiscal Agent all and singular its interest in the property herein described and the revenues, receipts and other amounts pledged hereby to the payment of the principal of, Prepayment Premium, if any, and interest on the Funding Loan. Any and all interest in property hereafter acquired which is of any kind or nature herein provided to be and become subject to the lien hereof shall and without any further conveyance, assignment or act on the part of Governmental Lender or Fiscal Agent, become and be subject to the lien of this Funding Loan Agreement as fully and completely as though specifically described herein, but nothing in this sentence shall be deemed to modify or change the obligations of Governmental Lender under this Section 5.03. Governmental Lender covenants and agrees that, except as herein otherwise expressly provided, it has not and will not sell, convey, mortgage, encumber or otherwise dispose of any part of its interest in the Pledged Security or the revenues or receipts therefrom.

Governmental Lender will promptly notify Fiscal Agent, and Fiscal Agent shall notify Funding Lender Representative, Borrower and Loan Servicer in writing of the occurrence of any of the following:

(a) The submission of any claim or the initiation of any legal process, litigation or administrative or judicial investigation against Governmental Lender with respect to the Loans.

(b) Any change in the location of Governmental Lender's principal office or any change in the location of Governmental Lender's books and records relating to the transactions contemplated hereby.

(c) The occurrence of any default or Event of Default of which Governmental Lender has actual knowledge.

(d) The commencement of any proceedings or any proceedings instituted by or against Governmental Lender in any federal, state or local court or before any governmental body or agency, or before any arbitration board, relating to the Notes.

(e) The commencement of any proceedings by or against Governmental Lender under any applicable bankruptcy, reorganization, liquidation, rehabilitation, insolvency or other similar law now or hereafter in effect or of any proceeding in which a receiver, liquidator, conservator, trustee or similar official shall have been, or may be, appointed or requested for Governmental Lender or any of its assets relating to the Loans.

Section 5.04. Inspection of Project Books. Governmental Lender covenants and agrees that all books and documents in its possession relating to the Project shall, upon reasonable prior notice, during normal business hours, be open to inspection and copying by such accountants or other agents as Fiscal Agent or Funding Lender Representative may from time to time reasonably designate.

Section 5.05. No Modification of Security; Additional Indebtedness. Governmental Lender covenants to and for the benefit of Funding Lender that it will not, without the prior written consent of Funding Lender Representative, take any of the following actions:

(a) Alter, modify or cancel, or agree to consent to alter, modify or cancel any agreement to which Governmental Lender is a party, or which has been assigned to Governmental Lender, and which relates to or affects the security for the Loans or the payment of any amount owed under the Financing Documents; or

(b) Create or suffer to be created any lien upon the Pledged Security or any part thereof other than the lien created hereby and by the Security Instrument.

Section 5.06. Damage, Destruction or Condemnation. Net Proceeds resulting from casualty to or condemnation of the Project shall be applied as provided in the Continuing Covenant Agreement and, to the extent consistent therewith, Section 3.01(b)(i) hereof.

Section 5.07. Tax Covenants.

(a) *Governmental Lender's Covenants.* Governmental Lender covenants to and for the benefit of Funding Lender that:

- i. The Governmental Lender shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, rehabilitation, or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds) in a manner which, if made or omitted, respectively, would cause the interest on the Governmental Note to become includable in the gross income, as defined in Section 61 of the Code, of the owners thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Governmental Lender shall have received a written opinion of Bond Counsel to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on the Governmental Note, the Governmental Lender shall comply with each of the specific covenants in this Section.
- ii. The Governmental Lender shall not direct or make any investment of the proceeds of the Governmental Note or any other funds of the Governmental Lender in a manner which would result in the Governmental Note becoming an “arbitrage bond” within the meaning of Section 148 of the Code or a “hedge bond” within the meaning of Section 149 of the Code. In the event the Governmental Lender or the Borrower is of the opinion that it is necessary to restrict or limit the Yield on the investment of any money paid to or held by the Fiscal Agent hereunder in order to avoid classification of the Governmental Note as an “arbitrage bond” or a “hedge bond,” the Governmental Lender or the Borrower may issue to the Fiscal Agent a written instrument to such effect (along with appropriate written instructions), in which event the Fiscal Agent will take such action as is necessary to effect such written instructions so to restrict or limit the Yield on such investment in accordance with such instrument and instructions, irrespective of whether the Fiscal Agent shares such opinion. The Fiscal Agent may conclusively rely upon any such instructions and shall not be responsible for any loss resulting from investment of any money held hereunder in accordance with such instructions.
- iii. Except to the extent permitted by Section 149(b) of the Code and Regulations and rulings thereunder, the Governmental Lender shall not take or omit to take any action which would cause the Governmental Note to be federally guaranteed within the meaning of Section 149(b) of the Code and the Regulations and rulings thereunder.
- iv. The Governmental Lender shall timely file or cause to be timely filed the information required by Section 149(e) of the Code with the Secretary of the Treasury on such form and in such place as such Secretary may prescribe.
- v. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the Governmental Lender shall not, at any time prior to the earlier of the stated maturity or final payment of the

Governmental Note enter into any transaction that reduces the amount required to be paid to the United States pursuant to Section 4.10 hereof because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Governmental Note not been relevant to either party.

- vi. The Governmental Lender hereby directs the Borrower to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as it deems necessary or appropriate in connection with the Governmental Note.
- vii. The weighted average maturity of the Governmental Note does not exceed 120% of the reasonably expected economic life, within the meaning of Section 147(b) of the Code, of the Project.

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

Section 5.08. Representations and Warranties of Governmental Lender. Governmental Lender hereby represents and warrants as follows:

(a) Governmental Lender is a public, nonprofit housing finance corporation duly organized, validly existing and in good standing under the laws of the Property Jurisdiction.

(b) Governmental Lender has all necessary power and authority to issue the Governmental Note and to execute and deliver this Funding Loan Agreement, the Project Loan Agreement and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) The revenues and assets pledged for the repayment of the Funding Loan are and will be free and clear of any pledge, lien or encumbrance prior to, or equal with, the pledge created by this Funding Loan Agreement, and all action on the part of Governmental Lender to that end has been duly and validly taken.

(d) The Financing Documents to which Governmental Lender is a party have been validly authorized, executed and delivered by Governmental Lender, and assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of Governmental Lender, enforceable against Governmental Lender in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

IT IS EXPRESSLY ACKNOWLEDGED THAT THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT, AGREEMENT OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT OR THAT IT WILL BE SUITABLE FOR THE BORROWER'S PURPOSES OR NEEDS AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS (FINANCIAL OR OTHERWISE), REPRESENTATIONS OR CERTIFICATIONS FURNISHED OR TO BE MADE AND FURNISHED BY THE BORROWER IN CONNECTION WITH THE FUNDING LOAN OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

ARTICLE VI

DEFAULT PROVISIONS AND REMEDIES OF FISCAL AGENT AND FUNDING LENDER

Section 6.01. Events of Default. The occurrence of any one or more of the following will constitute an Event of Default with respect to the Funding Loan under this Funding Loan Agreement:

(a) Failure to pay the principal of, Prepayment Premium, if any, or interest on the Funding Loan when due, whether on a Funding Loan Payment Date, at the stated maturity thereof, by proceedings for prepayment thereof, by acceleration or otherwise.

(b) Failure to observe the covenants set forth in Section 5.05 hereof.

(c) Failure to observe or perform any of the covenants, agreements or conditions on the part of Governmental Lender (other than those set forth in Sections 5.01 and 5.05 hereof) set forth in this Funding Loan Agreement or in the Governmental Note and the continuance thereof for a period of thirty (30) days (or such longer period, if any, as is specified herein for particular defaults) after written notice thereof to Governmental Lender from Fiscal Agent or Funding Lender Representative specifying such default and requiring the same to be remedied; *provided* that if such default cannot be cured within such thirty (30) day period through the exercise of diligence and Governmental Lender commences the required cure within such thirty (30) day period and continues the cure with diligence and Governmental Lender reasonably anticipates that the default could be cured within sixty (60) days, Governmental Lender shall have sixty (60) days following receipt of such notice to effect the cure.

(d) Receipt by Fiscal Agent of written notice from Funding Lender Representative of the occurrence of an “Event of Default” under the Project Loan Agreement or the Continuing Covenant Agreement.

Fiscal Agent will promptly notify Governmental Lender, Loan Servicer and Funding Lender Representative after a Responsible Officer obtains actual knowledge of the occurrence of an Event of Default or obtains actual knowledge of the occurrence of an event which would become an Event of Default with the passage of time or the giving of notice or both.

Section 6.02. Acceleration; Other Remedies Upon Event of Default. Upon the occurrence of an Event of Default, Fiscal Agent shall, upon the written request of Funding Lender Representative, by notice in writing delivered to Governmental Lender, declare the principal of the Funding Loan and the interest accrued thereon immediately due and payable, and interest shall continue to accrue thereon until such amounts are paid.

At any time after the Funding Loan shall have been so declared due and payable, and before any judgment or decree for the payment of the money due shall have been obtained or entered, Fiscal Agent may, but only if directed in writing by Funding Lender Representative, by written notice to Governmental Lender and Fiscal Agent, rescind and annul such declaration and its consequences if Governmental Lender or Borrower shall pay to or deposit with Fiscal Agent a sum sufficient to pay all principal on the Funding Loan then due (other than solely by reason of such declaration) and all unpaid installments of interest (if any) on the Funding Loan then due, with interest at the rate borne by the Funding Loan on such overdue principal and (to the extent legally enforceable) on such overdue installments of interest, and all of Fiscal Agent’s Extraordinary Fees and Expenses incurred to date shall have been made good or cured or adequate provision shall have been made therefor, and all outstanding amounts then due and unpaid under the Financing Documents (collectively, the “*Cure Amount*”) shall have been paid in full, and all other defaults hereunder shall have been made good or cured or waived in writing by Funding Lender Representative; but no such rescission and annulment shall extend to or shall affect any subsequent default, nor shall it impair or exhaust any right or power consequent thereon.

Upon the occurrence and during the continuance of an Event of Default, Fiscal Agent in its own name and as trustee of an express trust, on behalf and for the benefit and protection of Funding Lender, may also proceed to protect and enforce any rights of Fiscal Agent and, to the

full extent that Funding Lender itself might do, the rights of Funding Lender under the laws of the Property Jurisdiction or under this Funding Loan Agreement by such of the following remedies as Fiscal Agent shall deem most effectual to protect and enforce such rights; *provided* that, Fiscal Agent may undertake any such remedy only upon the receipt of the prior written consent of Funding Lender Representative (which consent may be given in the sole discretion of Funding Lender Representative):

(a) By mandamus or other suit, action or proceeding at law or in equity, to enforce the payment of the principal of, Prepayment Premium, if any, or interest on the Funding Loan and to require Governmental Lender to carry out any covenants or agreements with or for the benefit of Funding Lender and to perform its duties under the Act, this Funding Loan Agreement, the Project Loan Agreement or the TEL Regulatory Agreement (as applicable) to the extent permitted under the applicable provisions thereof.

(b) By pursuing any available remedies under the Project Loan Agreement, the TEL Regulatory Agreement or any other Financing Document.

(c) By realizing or causing to be realized through sale or otherwise upon the Pledged Security.

(d) By action or suit in equity enjoin any acts or things that may be unlawful or in violation of the rights of Funding Lender and execute any other papers and documents and do and perform any and all such acts and things as may be necessary or advisable in the opinion of Fiscal Agent in order to have the claim of Funding Lender against Governmental Lender allowed in any bankruptcy or other proceeding. Upon occurrence and during the continuance of an Event of Default hereof, the Borrower and the Investor Limited Partner shall have the same rights to notice and cure as those conferred on the Governmental Lender.

No remedy by the terms of this Funding Loan Agreement conferred upon or reserved to Fiscal Agent or to Funding Lender is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to Fiscal Agent or Funding Lender hereunder or under the Project Loan Agreement, the TEL Regulatory Agreement, the Continuing Covenant Agreement or any other Financing Document, as applicable, or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. No waiver of any Event of Default hereunder, whether by Fiscal Agent or Funding Lender, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereto.

Section 6.03. Funding Lender Representative Control of Proceedings. Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Funding Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the

provisions of law and of this Funding Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of Fiscal Agent or Governmental Lender (and in connection therewith Fiscal Agent shall transfer or assign to Funding Lender Representative all of its interest in the Pledged Security at the request of Funding Lender Representative). In no event shall the exercise of any of the foregoing rights result in an acceleration of the Funding Loan without the express direction of Funding Lender Representative.

Section 6.04. Waiver by Governmental Lender. Upon the occurrence of an Event of Default, to the extent that such right may then lawfully be waived, neither Governmental Lender nor anyone claiming through or under it shall set up, claim or seek to take advantage of any appraisal, valuation, stay, extension or prepayment laws now or hereinafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement. Governmental Lender, for itself and all who may claim through or under it, hereby waives, to the extent that it lawfully may do so, the benefit of all such laws and all right of appraisal and prepayment to which it may be entitled under the laws of the Property Jurisdiction and the United States of America.

Section 6.05. Application of Money After Default. All money collected by Fiscal Agent at any time pursuant to this Article VI shall, except to the extent, if any, otherwise directed by a court of competent jurisdiction, be credited by Fiscal Agent to the Revenue Fund. Such money so credited to the Revenue Fund and all other money from time to time credited to the Revenue Fund shall at all times be held, transferred, withdrawn and applied as prescribed by the provisions of Article IV hereof and this Section 6.05.

In the event that at any time the money credited to the Revenue Fund, the Loan Payment Fund and the Loan Prepayment Fund available for the payment of interest or principal then due with respect to the Governmental Note shall be insufficient for such payment, such money shall be applied as follows and in the following order of priority:

(a) For payment of all amounts due to Fiscal Agent incurred in performance of its duties under this Funding Loan Agreement, including, without limitation, the payment of all of Fiscal Agent's Extraordinary Fees and Expenses incurred in exercising any remedies under this Funding Loan Agreement.

(b) To the extent directed in writing by Funding Lender Representative, to the reimbursement of any unreimbursed advances made by or on behalf of Funding Lender pursuant to the Continuing Covenant Agreement or the Security Instrument.

(c) Unless the full principal amount of the Funding Loan shall have become or have been declared due and payable:

FIRST, to Funding Lender, all installments of interest then due on the Funding Loan in the order of the maturity of such installments; and

SECOND, to Funding Lender, unpaid principal of and Prepayment Premium, if any, on the Funding Loan which shall have become due, whether at maturity or by call for prepayment, in the order in which they became due and payable.

(d) If the full principal amount of the Governmental Note shall have become or have been declared due and payable, to Funding Lender for the payment of the principal of, Prepayment Premium, if any, and interest then due and unpaid on the Funding Loan without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest.

Section 6.06. Remedies Not Exclusive. No right or remedy conferred upon or reserved to Fiscal Agent, Funding Lender or Funding Lender Representative by the terms of this Funding Loan Agreement is intended to be exclusive of any other right or remedy, but each and every such remedy shall be cumulative and shall be in addition to every other right or remedy given to Fiscal Agent, Funding Lender or Funding Lender Representative under this Funding Loan Agreement or existing at law or in equity or by statute (including the Act).

Section 6.07. Fiscal Agent May Enforce Rights Without Governmental Note. All rights of action and claims, including the right to file proof of claims, under this Funding Loan Agreement may be prosecuted and enforced by Fiscal Agent at the written direction of Funding Lender Representative without the possession of the Governmental Note or the production thereof in any trial or other proceedings relating thereto. Subject to the rights of Funding Lender Representative to direct proceedings hereunder, any such suit or proceeding instituted by Fiscal Agent shall be brought in its name as Fiscal Agent without the necessity of joining as plaintiffs or defendants any Funding Lender, and any recovery or judgment shall be for the benefit as provided herein of Funding Lender.

Section 6.08. Termination of Proceedings. In case Fiscal Agent (at the direction of Funding Lender Representative) or Funding Lender Representative shall have proceeded to enforce any right under this Funding Loan Agreement by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower and Funding Lender shall be restored to their former positions and rights hereunder with respect to the Pledged Security herein conveyed, and all rights, remedies and powers of Fiscal Agent and Funding Lender Representative shall continue as if no such proceedings had been taken.

Section 6.09. Waivers of Events of Default. Fiscal Agent shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal of and interest on the Funding Loan upon the written direction of Funding Lender Representative. In case of any such waiver or rescission, or in case any proceeding taken by Fiscal Agent on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case Governmental Lender, Fiscal Agent, Borrower, Loan Servicer, Funding Lender Representative and Funding Lender shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereto.

Section 6.10. Interest on Unpaid Amounts and Default Rate for Nonpayment. In the event that principal of or interest payable on the Funding Loan is not paid when due, there shall be payable on the amount not timely paid, on each Funding Loan Payment Date, interest at the Default

Rate, to the extent permitted by law. Interest on the Funding Loan shall accrue at the Default Rate until the unpaid amount, together with interest thereon, shall have been paid in full.

Section 6.11. Assignment of Project Loan; Remedies Under the Project Loan.

(a) Funding Lender Representative shall have the right, with respect to the Project Loan, in its sole and absolute discretion, without directing Fiscal Agent to effect an acceleration of the Funding Loan, to instruct Fiscal Agent in writing to assign the Project Note, the Security Instrument and the other Project Loan Documents to Funding Lender Representative, in which event Fiscal Agent shall do all of the following:

(i) Endorse and deliver the Project Note to Funding Lender Representative and assign (in recordable form) the Security Instrument.

(ii) Execute and deliver to Funding Lender Representative all documents prepared by Funding Lender Representative necessary to assign (in recordable form) all other Project Loan Documents to Funding Lender Representative.

(iii) Execute all such documents prepared by Funding Lender Representative as are necessary to legally and validly effectuate the assignments provided for in the preceding clauses (i) and (ii).

(b) Fiscal Agent's assignments to Funding Lender Representative pursuant to this Section 6.11 shall be without recourse or warranty except that Fiscal Agent shall represent and warrant in connection therewith:

(i) That Fiscal Agent has not previously endorsed or assigned any such documents or instruments, and

(ii) That Fiscal Agent has the corporate authority to endorse and assign such documents and instruments and such endorsements and assignments have been duly authorized.

(c) Funding Lender Representative shall have the right, in its own name or on behalf of Governmental Lender or Fiscal Agent, to declare any default and exercise any remedies under the Project Loan Agreement, the Project Note or the Security Instrument, whether or not the Governmental Note has been accelerated or declared due and payable by reason of an Event of Default or the occurrence of a mandatory prepayment.

Section 6.12 Substitution. Upon receipt of written notice from Funding Lender Representative and the approval of Governmental Lender as and to the extent permitted under the TEL Regulatory Agreement, Fiscal Agent shall exchange the Project Note and the Security Instrument for a new Project Note and Security Instrument, evidencing and securing a new loan (the "New Project Loan"), which may be executed by a Person other than Borrower (the "New Borrower"), provided that if Fiscal Agent, Funding Lender or a nominee of Fiscal Agent or Funding Lender has acquired the Project through foreclosure, by accepting a deed in lieu of foreclosure or by comparable conversion of the Project, no approval from Governmental Lender of such exchange shall be required. Prior to accepting a New Project Loan, Fiscal Agent shall have received (i) written evidence that the New Borrower shall have executed and recorded a

document substantially in the form of the TEL Regulatory Agreement (or executed and recorded an assumption of all of Borrower's obligations under the TEL Regulatory Agreement) and that the Project Loan Documents have been modified as necessary to be applicable to the New Project Loan, and (ii) an opinion of Bond Counsel to the effect that such exchange and modification, in and of itself, will not adversely affect the excludability of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.

ARTICLE VII

CONCERNING FISCAL AGENT

Section 7.01. Standard of Care. Fiscal Agent, prior to an Event of Default as defined in Section 6.01 hereof and after the curing or waiver of all such events which may have occurred, shall perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement and no implied covenants or obligations should be read into this Funding Loan Agreement against Fiscal Agent. Fiscal Agent, during the existence of any such Event of Default (which shall not have been cured or waived), shall exercise such rights and powers vested in it by this Funding Loan Agreement and use the same degree of care and skill in its exercise as a prudent Person would exercise or use under similar circumstances in the conduct of such Person's own affairs. For the avoidance of doubt, the permissive right of Fiscal Agent to do things enumerated in this Funding Loan Agreement or the Project Loan Agreement shall not be construed as a duty.

No provision of this Funding Loan Agreement shall be construed to relieve Fiscal Agent from liability for its breach of trust, own negligence or willful misconduct, except that:

(a) Prior to an Event of Default hereunder, and after the curing or waiver of all such Events of Default which may have occurred:

(i) The duties and obligations of Fiscal Agent shall be determined solely by the express provisions of this Funding Loan Agreement, and Fiscal Agent shall not be liable except with regard to the performance of such duties and obligations as are specifically set forth in this Funding Loan Agreement; and

(ii) In the absence of bad faith on the part of Fiscal Agent, Fiscal Agent may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to Fiscal Agent by the Person or Persons authorized to furnish the same.

(b) At all times, regardless of whether or not any such Event of Default shall exist:

(i) Fiscal Agent shall not be liable for any error of judgment made in good faith by an officer or employee of Fiscal Agent except for willful misconduct or negligence by the officer or employee of Fiscal Agent as the case may be; and

(ii) Fiscal Agent shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of Funding Lender Representative relating to the time, method and place of conducting any

proceeding for any remedy available to Fiscal Agent, or exercising any trust or power conferred upon Fiscal Agent under this Funding Loan Agreement.

When Fiscal Agent incurs expenses or renders services after the occurrence of an Event of Default, such expenses and the compensation for such services are intended to constitute expenses of administration under any federal or state bankruptcy, insolvency, arrangement, moratorium, reorganization or other debtor relief law.

Section 7.02. Reliance Upon Documents. Except as otherwise provided in Section 7.01 hereof:

(a) Fiscal Agent may rely upon the authenticity or truth of the statements and the correctness of the opinions expressed in, and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, notarial seal, stamp, acknowledgment, verification, request, consent, order, bond, or other paper or document in good faith deemed by it to be genuine and correct and to have been signed or sent by the proper party or parties, including any Electronic Instruction and Notice as permitted hereunder or under the Project Loan Agreement.

(b) Any notice, request, direction, election, order or demand of Governmental Lender mentioned herein shall be sufficiently evidenced by an instrument signed in the name of Governmental Lender by an Authorized Officer of Governmental Lender (unless other evidence in respect thereof be herein specifically prescribed), and any resolution of Governmental Lender may be evidenced to Fiscal Agent by a copy of such resolution duly certified by an Authorized Officer of Governmental Lender.

(c) Any notice, request, certificate, statement, requisition, direction, election, order or demand of Borrower mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of Borrower by any Authorized Officer of Borrower (unless other evidence in respect thereof be herein specifically prescribed), and any resolution or certification of Borrower may be evidenced to Fiscal Agent by a copy of such resolution duly certified by a secretary or other authorized representative of Borrower.

(d) Any notice, request, certificate, statement, requisition, direction, election, order or demand of Loan Servicer mentioned herein shall be sufficiently evidenced by an instrument signed in the name of Loan Servicer by an Authorized Officer of Loan Servicer (unless other evidence in respect thereof be herein specifically prescribed).

(e) Any notice, request, direction, election, order or demand of Funding Lender Representative mentioned herein shall be sufficiently evidenced by an instrument purporting to be signed in the name of Funding Lender Representative by any Authorized Officer of Funding Lender Representative (unless other evidence in respect thereof be herein specifically prescribed).

(f) In the administration of the trusts of this Funding Loan Agreement:

(i) Fiscal Agent may execute any of the trusts or powers hereby granted directly or through its agents, custodians, nominees, receivers or attorneys appointed with due care, and

(ii) Fiscal Agent may consult with counsel (who may be counsel for Governmental Lender, Loan Servicer or Funding Lender Representative) concerning all matters of trusts hereof and duties hereunder, and the opinion or advice of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with the opinion of such counsel.

(g) Whenever in the administration of the trusts of this Funding Loan Agreement, Fiscal Agent shall deem it necessary or desirable that a matter be proved or established prior to taking or permitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed), may in the absence of negligence or willful misconduct on the part of Fiscal Agent, be deemed to be conclusively proved and established by a certificate of an officer or authorized agent of Governmental Lender or Borrower and such certificate shall in the absence of bad faith on the part of Fiscal Agent be full warrant to Fiscal Agent for any action taken or permitted by it under the provisions of this Funding Loan Agreement, but in its discretion Fiscal Agent may in lieu thereof accept other evidence of such matter or may require such further or additional evidence as it may deem reasonable.

(h) The recitals herein and in the Governmental Note (except Fiscal Agent's certificate of authentication thereon) shall not be considered as made by or imposing any obligation or liability upon Fiscal Agent. Fiscal Agent makes no representations as to the value or condition of the Pledged Security or any part thereof, or as to the title of Governmental Lender or Borrower to the Pledged Security, or as to the security of this Funding Loan Agreement, or of the Governmental Note issued hereunder, and Fiscal Agent shall incur no liability or responsibility in respect of any of such matters.

(i) Fiscal Agent shall not be personally liable for debts contracted or liability for damages incurred in the management or operation of the Pledged Security except for its own willful misconduct or negligence, and every provision of this Funding Loan Agreement relating to the conduct or affecting the liability of or affording protection to Fiscal Agent shall be subject to the provisions of this Section 7.02(i).

(j) Fiscal Agent shall not be required to ascertain or inquire as to the performance or observance of any of the covenants or agreements (except to the extent they obligate Fiscal Agent) herein or in any contracts or securities assigned or conveyed to or pledged with Fiscal Agent hereunder, except Events of Default that are evident under Section 6.01(a) hereof. Fiscal Agent shall not be required to take notice or be deemed to have notice or actual knowledge of any default or Event of Default specified in Section 6.01 hereof (except defaults under Section 6.01(a) hereof to the extent they are collecting loan payments hereunder) unless Fiscal Agent shall receive from Governmental Lender or Funding Lender Representative written notice stating that a default or Event of Default has occurred and specifying the same, and in the absence of such notice Fiscal

Agent may conclusively assume that there is no such default. Every provision contained in this Funding Loan Agreement or related instruments or in any such contract or security wherein the duty of Fiscal Agent depends on the occurrence and continuance of such default shall be subject to the provisions of this Section 7.02(j).

(k) Fiscal Agent shall be under no duty to confirm or verify any financial or other statements or reports or certificates furnished pursuant to any provisions hereof, except to the extent such statement or reports are furnished by or under the direction of Fiscal Agent, and shall be under no other duty in respect of the same except to retain the same in its files and permit the inspection of the same at reasonable times by Funding Lender.

(l) Fiscal Agent shall be under no obligation to exercise those rights or powers vested in it by this Funding Loan Agreement, other than such rights and powers which it shall be obliged to exercise in the ordinary course of acting as Fiscal Agent under the terms and provisions of this Funding Loan Agreement and as required by law, at the request or direction of Funding Lender Representative pursuant to Section 6.03 hereof, unless Funding Lender Representative shall have offered to Fiscal Agent security or indemnity satisfactory to Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in the compliance with such request or direction.

None of the provisions contained in this Funding Loan Agreement shall require Fiscal Agent to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Fiscal Agent is authorized and directed to execute in its capacity as Fiscal Agent, the Project Loan Agreement and the TEL Regulatory Agreement and shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the delivery of the Governmental Note and no responsibility for compliance with any state or federal securities laws in connection with the Governmental Note. In acting or omitting to act pursuant to the Project Loan Agreement, the TEL Regulatory Agreement or any other documents executed in connection herewith, Fiscal Agent shall be entitled to all of the rights, immunities and indemnities accorded to it under this Funding Loan Agreement, including, but not limited to, this Article VII.

Fiscal Agent or any of its affiliates may act as advisor or sponsor with respect to any Qualified Investments.

Any resolution, certification, notice, request, direction, election, order or demand delivered to Fiscal Agent pursuant to this Section 7.02 shall remain in effect until Fiscal Agent receives written notice to the contrary from the party that delivered such instrument accompanied by revised information for such party.

Fiscal Agent shall have no responsibility for the value of any collateral or with respect to the perfection or priority of any security interest in any collateral except as otherwise provided in Section 7.15 hereof.

Notwithstanding anything contained herein or in the Security Instrument to the contrary, upon the occurrence and continuance of an Event of Default, before taking any foreclosure action or any action which may subject Fiscal Agent to liability under any environmental law, statute, regulation or similar requirement relating to the environment, Fiscal Agent may require that a satisfactory indemnity bond, indemnity or environmental impairment insurance be furnished for the payment or reimbursement of all expenses to which it may be put and to protect it against all liability resulting from any claims, judgments, damages, losses, penalties, fines, liabilities (including strict liability) and expenses which may result from such foreclosure or other action. Fiscal Agent shall not be required to take any action to foreclose or otherwise enforce the Security Instrument unless indemnified to its satisfaction and will not be required to foreclose if doing so will subject it to environmental liability or will require the approval of a governmental regulator that cannot be obtained.

Section 7.03. Use of Proceeds. Fiscal Agent shall not be accountable for the use or application of the Governmental Note authenticated or delivered hereunder or of the proceeds of the Funding Loan or any other moneys paid over by Fiscal Agent in accordance with the provisions of this Funding Loan Agreement except as provided herein.

Section 7.04. Trust Imposed. All money received by Fiscal Agent shall, until used or applied as herein provided, be held in trust for the purposes for which it was received.

Section 7.05. Compensation of Fiscal Agent. Fiscal Agent shall be entitled to its Fiscal Agent's Ordinary Fees and Expenses in connection with the services rendered by it in the execution of the trusts hereby created and in the exercise and performance of any of the powers and duties of Fiscal Agent hereunder or under any Financing Document to the extent money is available therefor, in accordance with Section 4.06 hereof, exclusive of Extraordinary Services. Fiscal Agent shall be entitled to Fiscal Agent's Extraordinary Fees and Expenses in connection with any Extraordinary Services performed consistent with the duties hereunder or under any of the Financing Documents; *provided* Fiscal Agent shall not perform any Extraordinary Services or incur any Fiscal Agent's Extraordinary Fees and Expenses without the consent of Funding Lender Representative. If any property, other than cash, shall at any time be held by Fiscal Agent subject to this Funding Loan Agreement, or any supplement hereto, as security for the Funding Loan, Fiscal Agent, if and to the extent authorized by a receivership, bankruptcy, or other court of competent jurisdiction or by the instrument subjecting such property to the provisions of this Funding Loan Agreement as such security for the Funding Loan, shall be entitled to make advances for the purpose of preserving such property or of discharging tax liens or other liens or encumbrances thereon. Payment to Fiscal Agent for its services and reimbursement to Fiscal Agent for its expenses, disbursements, liabilities and advances, shall be limited to the sources described in the Project Loan Agreement and in Sections 4.06, 4.09 and 6.05 hereof. Governmental Lender shall have no liability for Fiscal Agent's fees, costs or expenses. Subject to the provisions of Section 7.08 hereof, Fiscal Agent agrees that it shall continue to perform its duties hereunder and under the Financing Documents even in the event that money designated for payment of its fees shall be insufficient for such purposes or in the event that Borrower fails to pay the Fiscal Agent's Ordinary Fees and Expenses or, if applicable, the Fiscal Agent's Extraordinary Fees and Expenses as required by the Project Loan Agreement.

BORROWER SHALL INDEMNIFY AND HOLD HARMLESS FISCAL AGENT AND ITS OFFICERS, DIRECTORS, OFFICIALS, EMPLOYEES, AGENTS, RECEIVERS, ATTORNEYS, ACCOUNTANTS, ADVISORS, CONSULTANTS AND SERVANTS, PAST, PRESENT OR FUTURE, FROM AND AGAINST ALL OF THE FOLLOWING:

(A) ANY AND ALL CLAIMS BY OR ON BEHALF OF ANY PERSON ARISING FROM ANY CAUSE WHATSOEVER IN CONNECTION WITH THIS FUNDING LOAN AGREEMENT OR TRANSACTIONS CONTEMPLATED HEREBY, THE PROJECT, OR THE DELIVERY OF THE GOVERNMENTAL NOTE OR THE LOANS.

(B) ANY AND ALL CLAIMS ARISING FROM ANY ACT OR OMISSION OF BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE PROJECT, OR THE DELIVERY OF THE GOVERNMENTAL NOTE OR THE LOANS.

(C) ALL COSTS, COUNSEL FEES, EXPENSES OR LIABILITIES INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR PROCEEDING BROUGHT THEREON; EXCEPT THAT BORROWER SHALL NOT BE REQUIRED TO INDEMNIFY ANY PERSON FOR DAMAGES CAUSED BY THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT OR UNLAWFUL ACTS OF SUCH PERSON OR WHICH ARISE FROM EVENTS OCCURRING AFTER BORROWER CEASES TO OWN THE PROJECT.

IN THE EVENT THAT ANY ACTION OR PROCEEDING IS BROUGHT OR CLAIM MADE AGAINST FISCAL AGENT, OR ANY OF ITS OFFICERS, DIRECTORS, OFFICIALS, EMPLOYEES, AGENTS, RECEIVERS, ATTORNEYS, ACCOUNTANTS, ADVISORS, CONSULTANTS OR SERVANTS, WITH RESPECT TO WHICH INDEMNITY MAY BE SOUGHT HEREUNDER, BORROWER, UPON WRITTEN NOTICE THEREOF FROM THE INDEMNIFIED PARTY, SHALL ASSUME THE INVESTIGATION AND DEFENSE THEREOF, INCLUDING THE EMPLOYMENT OF COUNSEL AND THE PAYMENT OF ALL EXPENSES (EXCEPT FOR MATTERS ATTRIBUTABLE TO THE NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH PERSON). THE INDEMNIFIED PARTY SHALL HAVE THE RIGHT TO APPROVE A SETTLEMENT TO WHICH IT IS A PARTY AND TO EMPLOY SEPARATE COUNSEL IN ANY SUCH ACTION OR PROCEEDINGS AND TO PARTICIPATE IN THE INVESTIGATION AND DEFENSE THEREOF, AND BORROWER SHALL PAY THE REASONABLE FEES AND EXPENSES OF SUCH SEPARATE COUNSEL. THE PROVISIONS OF THIS SECTION 7.05 SHALL SURVIVE THE TERMINATION OF THIS FUNDING LOAN AGREEMENT.

Section 7.06. Qualifications of Fiscal Agent. There shall at all times be a Fiscal Agent hereunder which shall be an association or a corporation organized and doing business under the laws of the United States of America or any state thereof, authorized under such laws to exercise corporate trust powers. Any successor Fiscal Agent shall have a combined capital and surplus of at least \$50,000,000 (or shall be a wholly-owned subsidiary of an association or corporation that has such combined capital and surplus), and be subject to supervision or examination by federal or state authority, or shall have been appointed by a court of competent jurisdiction pursuant to Section 7.10 hereof. If such association or corporation publishes reports of condition at least annually, pursuant to law or to the requirements of any supervising or examining authority referred to above, then for the purposes of this Section 7.06, the combined capital and surplus of such association or corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time Fiscal Agent shall cease to be eligible in accordance with the provisions of this Section 7.06 and another association or

corporation is eligible, Fiscal Agent shall resign immediately in the manner and with the effect specified in Section 7.08 hereof.

Section 7.07. Merger of Fiscal Agent. Any association or corporation into which Fiscal Agent may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any association or corporation resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party shall, ipso facto, be and become successor Fiscal Agent hereunder and vested with all the title to the whole property or Pledged Security and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding, and shall also be and become successor Fiscal Agent in respect of the legal interest of Fiscal Agent in the Loans.

Section 7.08. Resignation by Fiscal Agent. Fiscal Agent may at any time resign from the trusts hereby created by giving written notice to Governmental Lender, Borrower, Loan Servicer and Funding Lender Representative. Such notice to Governmental Lender, Borrower, Loan Servicer and Funding Lender Representative may be served personally or sent by certified mail or overnight delivery service. The resignation of Fiscal Agent shall not be effective until a successor Fiscal Agent has been appointed as provided herein and such successor Fiscal Agent shall have agreed in writing to be bound by the duties and obligations of Fiscal Agent hereunder; *provided, however,* that after giving notice of resignation, Fiscal Agent may petition any court of competent jurisdiction for appointment of a temporary Fiscal Agent until a successor Fiscal Agent is appointed. The rights of Fiscal Agent to indemnity, compensation and reimbursement of fees and expenses shall survive Fiscal Agent's resignation as set forth herein and in Section 6.01(d) of the Project Loan Agreement.

Section 7.09. Removal of Fiscal Agent. Fiscal Agent may be removed at any time, either with or without cause, with the consent of Funding Lender Representative (which consent of Funding Lender Representative shall not be unreasonably withheld), by a written instrument signed by Governmental Lender and delivered to Fiscal Agent, Loan Servicer and Borrower. Fiscal Agent may also be removed by a written instrument signed by Funding Lender Representative and delivered to Fiscal Agent, Loan Servicer, Governmental Lender and Borrower. In each case written notice of such removal shall be given to Loan Servicer, Borrower and to Funding Lender. Any such removal shall take effect on the day specified in such written instrument(s), but Fiscal Agent shall not be discharged from the trusts hereby created until a successor Fiscal Agent has been appointed and has accepted such appointment and has agreed in writing to be bound by the duties and obligations of Fiscal Agent hereunder. The rights of Fiscal Agent to indemnity, compensation and reimbursement of fees and expenses shall survive Fiscal Agent's removal as set forth herein and in Section 6.01(d) of the Project Loan Agreement.

Section 7.10. Appointment of Successor Fiscal Agent. (a) In case at any time Fiscal Agent shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or shall be adjudged a bankrupt or insolvent, or if a receiver of Fiscal Agent or of its property shall be appointed, or if a public supervisory office shall take charge or control of Fiscal Agent or of its property or affairs, a vacancy shall forthwith and ipso facto be created in the office of such Fiscal Agent hereunder, and Governmental

Lender, with the written consent of Funding Lender Representative, shall promptly appoint a successor Fiscal Agent. Any such appointment shall be made by a written instrument executed by an Authorized Officer of Governmental Lender. If Governmental Lender fails to appoint a successor Fiscal Agent within ten (10) days following receipt of notice of the resignation or removal of Fiscal Agent pursuant to Section 7.08 or Section 7.09 hereunder, as applicable, Funding Lender Representative may appoint a successor Fiscal Agent and shall provide written notice to the Governmental Lender thereof.

(b) If, in a proper case, no appointment of a successor Fiscal Agent shall be made pursuant to subsection (a) of this Section 7.10 within sixty (60) days following delivery of all required notices of resignation given pursuant to Section 7.08 hereof or of removal of Fiscal Agent pursuant to Section 7.09 hereof, the retiring Fiscal Agent may, at the expense of the Borrower, apply to any court of competent jurisdiction to appoint a successor Fiscal Agent. The court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Fiscal Agent.

Section 7.11. Concerning Any Successor Fiscal Agent. Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to Governmental Lender a written instrument accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the Pledged Security and the rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of Governmental Lender, Borrower or Funding Lender Representative, or of its successor, and upon payment of all amounts due such predecessor, including but not limited to fees and expenses of counsel, execute and deliver such instruments as may be appropriate to transfer to such successor Fiscal Agent all the Pledged Security and the rights, powers and trusts of such predecessor hereunder; and every predecessor Fiscal Agent shall deliver all securities and money held by it as Fiscal Agent hereunder to its successor. Should any instrument in writing from Governmental Lender be required by a successor Fiscal Agent for more fully and certainly vesting in such successor the Pledged Security and all rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Governmental Lender. The resignation of any Fiscal Agent and the instrument or instruments removing any Fiscal Agent and appointing a successor hereunder, together with all other instruments provided for in this Article VII, shall be filed and/or recorded by the successor Fiscal Agent in each recording office where this Funding Loan Agreement shall have been filed and/or recorded. Each successor Fiscal Agent shall mail notice by first class mail, postage prepaid, at least once within thirty (30) days of such appointment, to Funding Lender.

Section 7.12. Successor Fiscal Agent. In the event of a change in the office of Fiscal Agent, the predecessor Fiscal Agent which shall have resigned or shall have been removed shall cease to be Fiscal Agent with respect to the Governmental Note, and the successor Fiscal Agent shall become such Fiscal Agent.

Section 7.13. Appointment of Co-Fiscal Agent or Separate Fiscal Agent. It is the intent of Governmental Lender and Fiscal Agent that there shall be no violation of any law of any jurisdiction (including particularly the laws of the Property Jurisdiction) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such

jurisdiction. It is recognized that in case of litigation under or connected with this Funding Loan Agreement, the Project Loan Agreement or any of the other Financing Documents, and, in particular, in case of the enforcement of any remedies on default, or in case Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein or therein granted to Fiscal Agent or hold title to the properties in trust, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that Fiscal Agent, with the consent of Governmental Lender and Funding Lender Representative, appoint an additional individual or institution as a co-fiscal agent or separate fiscal agent.

In the event that Fiscal Agent appoints an additional individual or institution as a co-fiscal agent or separate fiscal agent, in the event of the incapacity or lack of authority of Fiscal Agent, by reason of any present or future law of any jurisdiction, to exercise any of the rights, powers, trusts and remedies granted to Fiscal Agent herein or to hold title to the Pledged Security or to take any other action that may be necessary or desirable in connection therewith, each and every remedy, power, right, obligation, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement to be imposed upon, exercised by or vested in or conveyed to Fiscal Agent with respect thereto shall be imposed upon, exercisable by and vest in such separate fiscal agent or co-fiscal agent, but only to the extent necessary to enable such co-fiscal agent or separate fiscal agent to exercise such powers, rights, trusts and remedies, and every covenant and obligation necessary to the exercise thereof by such co-fiscal agent or separate fiscal agent shall run to and be enforceable by either of them, subject to the remaining provisions of this Section 7.13. Such co-fiscal agent or separate fiscal agent shall deliver an instrument in writing acknowledging and accepting its appointment hereunder to Governmental Lender and Fiscal Agent.

Should any instrument in writing from Governmental Lender be required by the co-fiscal agent or separate fiscal agent so appointed by Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by Governmental Lender, Fiscal Agent and Borrower. If Governmental Lender shall fail to deliver the same within thirty (30) days of such request, Fiscal Agent is hereby appointed attorney-in-fact for Governmental Lender to execute, acknowledge and deliver such instruments in Governmental Lender's name and stead. In case any co-fiscal agent or separate fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such co-fiscal agent or separate fiscal agent, so far as permitted by law, shall vest in and be exercised by Fiscal Agent until the appointment of a new Fiscal Agent or successor to such co-fiscal agent or separate fiscal agent.

Every co-fiscal agent or separate fiscal agent shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms, namely:

- (a) The Governmental Note shall be authenticated and delivered, and all rights, powers, trusts, duties and obligations by this Funding Loan Agreement conferred upon Fiscal Agent in respect of the custody, control or management of money, papers, securities and other personal property shall be exercised solely by Fiscal Agent.

(b) All rights, powers, trusts, duties and obligations conferred or imposed upon Fiscal Agent shall be conferred or imposed upon or exercised or performed by Fiscal Agent, or by Fiscal Agent and such co-fiscal agent, or separate fiscal agent jointly, as shall be provided in the instrument appointing such co-fiscal agent or separate fiscal agent, except to the extent that under the law of any jurisdiction in which any particular act or acts are to be performed Fiscal Agent shall be incompetent or unqualified to perform such act or acts, in which event such act or acts shall be performed by such co-fiscal agent or separate fiscal agent.

(c) Any request in writing by Fiscal Agent to any co-fiscal agent or separate fiscal agent to take or to refrain from taking any action hereunder shall be sufficient warrant for the taking or the refraining from taking of such action by such co-fiscal agent or separate fiscal agent.

(d) Any co-fiscal agent or separate fiscal agent to the extent permitted by law shall delegate to Fiscal Agent the exercise of any right, power, trust, duty or obligation, discretionary or otherwise.

(e) Fiscal Agent at any time by an instrument in writing with the concurrence of Governmental Lender evidenced by a certified resolution may accept the resignation of or remove any co-fiscal agent or separate fiscal agent appointed under this Section 7.13 and in case an Event of Default shall have occurred and be continuing, Fiscal Agent shall have power to accept the resignation of or remove any such co-fiscal agent or separate fiscal agent without the concurrence of Governmental Lender, and upon the request of Fiscal Agent, Governmental Lender shall join with Fiscal Agent in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-fiscal agent or separate fiscal agent so resigned or removed may be appointed in the manner provided in this Section 7.13.

(f) No Fiscal Agent or co-fiscal agent hereunder shall be personally liable by reason of any act or omission of any other Fiscal Agent hereunder.

(g) Any demand, request, direction, appointment, removal, notice, consent, waiver or other action in writing executed by Funding Lender Representative and delivered to Fiscal Agent shall be deemed to have been delivered to each such co-fiscal agent or separate fiscal agent.

(h) Any money, papers, securities or other items of personal property received by any such co-fiscal agent or separate fiscal agent hereunder shall forthwith, so far as may be permitted by law, be turned over to Fiscal Agent.

Section 7.14. Notice of Certain Events. Fiscal Agent shall give written notice to Governmental Lender, Loan Servicer and Funding Lender Representative of any failure by Borrower to comply with the terms of the TEL Regulatory Agreement or any Determination of Taxability of which a Responsible Officer has actual knowledge.

Section 7.15. Filing of Financing Statements. Fiscal Agent shall, at the expense of Borrower, file or record or cause to be filed or recorded all continuation statements for financing

statements that have been delivered to Fiscal Agent on which Fiscal Agent is named as a secured party or additional secured party for the purpose of continuing without lapse the effectiveness of those financing statements which have been filed on or approximately on the Conversion Date in connection with the security for the Funding Loan pursuant to the authority of the Uniform Commercial Code. Upon the filing of any such continuation statement Fiscal Agent shall immediately notify Governmental Lender, Borrower, Funding Lender Representative and Loan Servicer that the same has been done. If direction is given by Loan Servicer or Funding Lender Representative, Fiscal Agent shall file all continuation statements in accordance with such directions.

Notwithstanding anything to the contrary contained herein, Fiscal Agent shall not be responsible for any initial filings of any financing statements or the information contained therein (including the exhibits thereto), the perfection of any such security interests, or the accuracy or sufficiency of any description of collateral in such initial filings or for filing any modifications or amendments to the initial filings required by any amendments to Article 9 of the Uniform Commercial Code and unless Fiscal Agent shall have been notified by Funding Lender that any such initial filing or description of collateral was or has become defective, Fiscal Agent shall be fully protected in relying on such initial filing and descriptions in filing any continuation statements or modifications thereto pursuant to this Section 7.15 and in filing any continuation statements in the same filing offices as the initial filings were made.

Section 7.16. USA Patriot Act Requirements of Fiscal Agent. To help the government of the United States of America fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each Person who opens an account. For a non-individual Person such as a business entity, a charity, a trust, or other legal entity, Fiscal Agent may request documentation to verify such Person's formation and existence as a legal entity. Fiscal Agent may also request financial statements, licenses, identification and authorization documents from individuals claiming authority to represent such Person or other relevant documentation.

ARTICLE VIII

AMENDMENTS OF CERTAIN DOCUMENTS

Section 8.01. Amendments to Funding Loan Agreement. Any of the terms of this Funding Loan Agreement and the Governmental Note may be amended or waived only by an instrument signed by Fiscal Agent and Governmental Lender, and with the prior written consent of Funding Lender Representative.

Section 8.02. Amendments to Financing Documents Require Consent of Funding Lender Representative. Neither Governmental Lender nor Fiscal Agent shall consent to any amendment, change or modification of any Financing Document without the prior written consent of Funding Lender Representative. Fiscal Agent shall enter into such amendments to the Financing Documents as shall be directed by Funding Lender Representative.

Section 8.03. Opinion of Bond Counsel Required. No amendment to this Funding Loan Agreement, the Governmental Note, the Project Loan Agreement, the Project Note, the Security

Instrument or the TEL Regulatory Agreement shall become effective unless and until all of the following have occurred:

(a) Funding Lender Representative shall have consented to the same in writing in its sole discretion.

(b) Funding Lender Representative, Governmental Lender and Fiscal Agent shall have received, at the expense of Borrower:

(i) An opinion of Bond Counsel to the effect that such amendment, change or modification will not, in and of itself, cause interest on the Governmental Note to be includible in the gross income of the holders thereof for federal income tax purposes, and

(ii) An opinion of counsel acceptable to Funding Lender Representative to the effect that any such proposed such amendment, change or modification is authorized and complies with the provisions of this Funding Loan Agreement and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

ARTICLE IX

SATISFACTION AND DISCHARGE OF FUNDING LOAN AGREEMENT

Section 9.01. Discharge of Lien. (a) These presents and the estates and rights hereby granted shall cease, determine and be void if Governmental Lender shall:

(i) Pay or cause to be paid to Funding Lender the principal, interest and Prepayment Premium, if any, to become due with respect to the Funding Loan at the times and in the manner stipulated herein and in the Governmental Note, in any one or more of the following ways:

(A) By the payment of all unpaid principal of (including Prepayment Premium, if any) and interest on the Funding Loan,

(B) Prior to the Window Period, by the deposit to the account of Fiscal Agent, in trust, of money or securities in the necessary amount to pay the principal, Prepayment Premium and interest to the Maturity Date, or

(C) By the delivery of the Governmental Note by Funding Lender to Fiscal Agent for cancellation; and

(ii) Have paid all amounts due and owing under the other Financing Documents;

(iii) Have paid all fees and expenses of and any other amounts due to Fiscal Agent, Loan Servicer and Rebate Analyst; and

(iv) Keep, perform and observe all and singular the covenants and promises in the Governmental Note and in this Funding Loan Agreement expressed as to be kept, performed and observed by it or on its part.

(b) Upon satisfaction of each of the requirements of Section 9.01(a), Fiscal Agent shall cancel and discharge the lien of this Funding Loan Agreement and execute and deliver to Governmental Lender such instruments in writing as shall be requisite to satisfy the lien hereof, and reconvey to Governmental Lender the estate hereby conveyed, and assign and deliver to Governmental Lender any interest in property at the time subject to the lien of this Funding Loan Agreement which may then be in its possession, except amounts held by Fiscal Agent for the payment of principal of, interest and Prepayment Premium, if any, on the Governmental Note, and the payment of any amounts owed to the United States of America pursuant to Section 4.10 hereof.

(c) Prior to the Window Period and subject to the satisfaction of the conditions set forth in Section 4.04(c) of the Project Loan Agreement, the Funding Loan shall, prior to the Maturity Date, be deemed to have been paid within the meaning and with the effect expressed in Section 9.01(a) based on a deposit of moneys or securities with Fiscal Agent pursuant to Section 9.01(a)(i)(B) if, under circumstances which do not cause interest on the Governmental Note to become includible in the gross income of the holders thereof for federal income tax purposes, each of the following conditions shall have been fulfilled:

(i) There shall be on deposit with Fiscal Agent either money or noncallable and non-prepayable direct obligations of the United States of America (or other defeasance securities constituting Qualified Investments approved in writing by Funding Lender Representative) in an amount, together with anticipated earnings thereon (but not including any reinvestment of such earnings), which will be sufficient to pay, when due, the principal and interest due and to become due on the Funding Loan up to and on the Maturity Date.

(ii) Fiscal Agent shall have received a verification report of a firm of certified public accountants or financial analyst reasonably acceptable to Fiscal Agent and Funding Lender Representative as to the adequacy of the amounts or securities so deposited to fully pay the Funding Loan.

(iii) Fiscal Agent and Funding Lender Representative shall have received a written opinion of nationally recognized counsel experienced in bankruptcy matters to the effect that if Borrower, any general partner, member or guarantor of Borrower, or Governmental Lender were to become a debtor in a proceeding under the Bankruptcy Code:

(A) Payment of such money to Funding Lender would not constitute a voidable preference under Section 547 of the Bankruptcy Code, and

(B) The automatic stay provisions of Section 362(a) of the Bankruptcy Code would not prevent application of such money to the payment of the Funding Loan.

(iv) Fiscal Agent and Funding Lender Representative shall have received an opinion of Bond Counsel to the effect that the defeasance of the Funding Loan is in

accordance with the provisions of this Funding Loan Agreement and that such defeasance will not adversely affect the excludability of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.

(v) Fiscal Agent shall have received written confirmation that all fees, expenses or reimbursement of any advances due to Funding Lender and Loan Servicer under the Financing Documents have been fully paid.

Section 9.02. Discharge of Liability on Funding Loan. Upon the deposit with Fiscal Agent, in trust, on or before the Maturity Date, of money or securities in the necessary amount (as provided in Section 9.01 above) to pay or prepay the Funding Loan (whether upon or prior to the Maturity Date or the prepayment date of the Funding Loan) *provided* that, if the Funding Loan is to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as provided in Article III or provision satisfactory to Fiscal Agent shall have been made for the giving of such notice, all liability of Governmental Lender in respect of the Funding Loan shall cease, terminate and be completely discharged, except only that thereafter Funding Lender shall be entitled to payment by Governmental Lender, and Governmental Lender shall remain liable for such payment, but only out of the money or securities deposited with Fiscal Agent as aforesaid for their payment, subject, however, to the provisions of Section 9.03 hereof.

Section 9.03. Payment of Funding Loan After Discharge of Funding Loan Agreement. Notwithstanding any provisions of this Funding Loan Agreement, and subject to applicable unclaimed property laws of the Property Jurisdiction, any money deposited with the Fiscal Agent or any paying agent in trust for the payment of the principal of, interest or Prepayment Premium on the Governmental Note remaining unclaimed for three (3) years after the maturity or earlier payment date shall be reported and disposed of by the Fiscal Agent in accordance with the applicable unclaimed property laws of the Property Jurisdiction, whereupon all liability of the Governmental Lender and the Fiscal Agent with respect to such money shall cease, and the Funding Lender shall thereafter look solely to the Borrower for payment of any amounts then due. All money held by the Fiscal Agent and subject to this Section 9.03 shall be held uninvested and without liability for interest thereon.

ARTICLE X

MISCELLANEOUS

Section 10.01. Servicing of the Loans. Funding Lender Representative may appoint a Loan Servicer (which may be Funding Lender Representative if Funding Lender Representative elects to service the Loans) to service the Loans as provided in Section 3.02 of the Project Loan Agreement.

Section 10.02. Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or to be implied from this Funding Loan Agreement or the Governmental Note is intended or shall be construed to give to any Person other than the Parties hereto, Funding Lender, Funding Lender Representative, Loan Servicer and Borrower, any legal or equitable right, remedy or claim under or in respect to this Funding Loan Agreement or any covenants, conditions and provisions hereof.

Section 10.03. Construction of Conflicts; Severability. (a) Notwithstanding anything provided herein, or in any of the documents referred to herein, in the event that any contracts or other documents executed by Borrower or any other arrangements agreed to by Borrower in order to finance or refinance the Project with the proceeds of the Funding Loan, the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes under Section 103(a) of the Code are inconsistent with the Project Loan Documents, then the Project Loan Documents shall be controlling in all respects. If any provision of this Funding Loan Agreement shall be held or deemed to be, or shall in fact be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution, statute, rule of law or public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

(b) The invalidity of any one or more phrases, sentences, clauses or sections in this Funding Loan Agreement contained, shall not affect the remaining portions of this Funding Loan Agreement, or any part thereof.

Section 10.04. Notices. (a) Whenever in this Funding Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the Person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth below or as may be required or permitted by this Funding Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

NOTICE ADDRESSES

If to Governmental Lender:

McKinney Housing Finance Corporation
401 E. Virginia Street
McKinney, Texas 75069
Attention: Cristel Todd
Email: ctodd@mckinneytexas.org

With a copy to (which copy shall not constitute notice to Governmental Lender):

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

If to Fiscal Agent:

UMB Bank, N.A.
5910 North Central Expressway, Suite 1900
Dallas, Texas 75206
Attention: Corporate Trust & Escrow Services
Email: israel.lugo@umb.com

If to Borrower:

Skyway Villas (TX) Owner LP
c/o April Housing
300 South Grand Avenue, 2nd Floor
Los Angeles, California 90071
Attention: Brad Fisher
Email: bfisher@aprilhousing.com

*With a copy to (which copy shall not constitute
notice to Borrower):*

April Housing
300 South Grand Avenue, 2nd Floor
Los Angeles, California 90071
Attention: [Brad Fisher]
Email: [bfisher@aprilhousing.com]

and

BakerHostetler
111 Congress Avenue, Suite 810
Austin, Texas 78701
Attention: Chris Richardson
Email: cyrichardson@bakerlaw.com

and to the sole member of the general partner of the
Borrower:

McKinney Housing Finance Corporation
401 E. Virginia Street
McKinney, Texas 75069
Attention: Cristel Todd
Email: ctodd@mckinneytexas.org

With a copy to:

Chapman and Cutler LLP
320 South Canal Street, 27th Floor
Chicago, Illinois 60606
Attention: Ryan J. Bowen
Email: rbowen@chapman.com

If to Initial Funding Lender
or Loan Servicer:

Wells Fargo Bank, National Association
1751 Pinnacle Drive, 8th Floor
McLean, Virginia 22102
Email: WFMCServicing@wellsfargo.com

If to Funding Lender Representative

(as of the Freddie Mac Purchase Date): Federal Home Loan Mortgage Corporation
8100 Jones Branch Drive
McLean, Virginia 22102
Attention: Multifamily Operations - Loan
Accounting
Email: mfla@freddiemac.com
Telephone: (703) 714-4177

*With a copy to (which copy shall not constitute
notice to Funding Lender Representative):*

Federal Home Loan Mortgage Corporation
8200 Jones Branch Drive
McLean, Virginia 22102
Attention: Managing Associate General
Counsel - Multifamily Legal Division
Email: jennifer_davila@freddiemac.com
Telephone: (703) 903-2000

A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and by any party to Funding Lender Representative to Loan Servicer.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice pursuant to this Funding Loan Agreement.

(b) Fiscal Agent shall provide to Funding Lender Representative and Loan Servicer (i) prompt notice of the occurrence of any Event of Default pursuant to Section 6.01 hereof and (ii) any written information or other written communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative and Loan Servicer for any such information or other communication.

Section 10.05. Funding Lender Representative. (a) Initial Funding Lender is the initial Funding Lender Representative with respect to the Governmental Note. Upon the Freddie Mac Purchase Date, Freddie Mac shall be Funding Lender Representative. Funding Lender

Representative shall be entitled to all the rights and privileges of Funding Lender hereunder and under the other Financing Documents.

(b) Funding Lender Representative may provide written notice to Fiscal Agent designating particular individuals or Persons authorized to execute any consent, waiver, approval, direction or other instrument on behalf of Funding Lender Representative, and such notice may be amended or rescinded by Funding Lender Representative at any time by subsequent written notice. Funding Lender Representative may be removed and a successor appointed by a written notice in the form of *Exhibit B* hereto given by Funding Lender to Fiscal Agent, Governmental Lender, Loan Servicer and Borrower. The removal and reappointment shall be effective immediately upon receipt of such notice by Fiscal Agent. Funding Lender may appoint any Person to act as Funding Lender Representative, including, without limitation, Loan Servicer. If, for any reason, a Funding Lender Representative resigns by written notice provided to Fiscal Agent, Funding Lender, Governmental Lender, Loan Servicer and Borrower, all references to Funding Lender Representative herein and in the other Financing Documents shall be deemed to refer to Funding Lender until a successor Funding Lender Representative is appointed by Funding Lender.

(c) Whenever pursuant to this Funding Loan Agreement or any other Financing Document, Funding Lender Representative exercises any right given to it to approve or disapprove, any arrangement or term hereof, the decision of Funding Lender Representative to approve or disapprove or to decide whether arrangements or terms are acceptable or not acceptable shall be in the sole discretion of Funding Lender Representative, except as otherwise specifically indicated.

(d) Each Funding Lender, by their purchase or other acquisition of the Funding Loan, shall be deemed to have acknowledged and agreed to the provisions of this Funding Loan Agreement and the other Financing Documents with respect to Funding Lender Representative and the rights and privileges thereof, including but not limited to the right to control all remedies in respect of the Governmental Note and the Loans.

Section 10.06. Payments Due on Non-Business Days. In any case where a date of payment with respect to the Funding Loan shall be a day other than a Business Day, then such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on such date, and no interest shall accrue for the period after such date provided that payment is made on such next succeeding Business Day.

Section 10.07. Counterparts. This Funding Loan Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 10.08. Laws Governing This Funding Loan Agreement. The effect and meaning of this Funding Loan Agreement and the rights of all parties hereunder shall be governed by, and construed according to, the internal laws of the Property Jurisdiction without regard to conflicts of laws principles.

Section 10.09. No Recourse. No recourse under or upon any obligation, covenant or agreement contained in this Funding Loan Agreement or in the Governmental Note shall be had against any member, officer, commissioner, director or employee (past, present or future) of

Governmental Lender, either directly or through Governmental Lender or its governing body or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, or otherwise, of any sum that may be due and unpaid by Governmental Lender or its governing body upon the Governmental Note. Any and all personal liability of every nature whether at common law or in equity or by statute or by constitution or otherwise of any such member, officer, commissioner, director or employee, as such, by reason of any act or omission on his/her part or otherwise, for the payment for or to Funding Lender or otherwise of any sum that may remain due and unpaid with respect to the Funding Loan hereby secured is, by the acceptance hereof, expressly waived and released as a condition of and in consideration for the execution of this Funding Loan Agreement and the delivery of the Governmental Note

Section 10.10. Successors and Assigns. All the covenants and representations contained in this Funding Loan Agreement by or on behalf of the parties hereto shall bind and inure to the benefit of their successors and assigns, whether so expressed or not.

Section 10.11. Prior Bond Documents. On the Conversion Date, this Funding Loan Agreement, the Governmental Note and the Project Loan Agreement shall amend, restate and supersede in their entirety the Indenture, the Bonds (as such term is used and defined in the Indenture) and the Loan Agreement.

[Signature Page Follows]

GOVERNMENTAL LENDER:

McKINNEY HOUSING FINANCE CORPORATION,
as Governmental Lender

By: _____
Tyler Underwood, President

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

FISCAL AGENT:

UMB BANK, N.A., a national banking association,
as Fiscal Agent

By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

INITIAL FUNDING LENDER:

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Initial Funding Lender

By: _____
Name: _____
Title: _____

SCHEDULE I

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FORM OF GOVERNMENTAL NOTE

THIS GOVERNMENTAL NOTE DOES NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION OR ANY POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THIS GOVERNMENTAL NOTE. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

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

No. ____

**McKINNEY HOUSING FINANCE CORPORATION
MULTIFAMILY HOUSING GOVERNMENTAL NOTE
(SKYWAY VILLAS), SERIES 2026**

THIS GOVERNMENTAL NOTE IS ISSUED UNDER THE PROVISIONS OF THE TEXAS HOUSING FINANCE CORPORATIONS ACT, CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED (THE “ACT”). THIS GOVERNMENTAL NOTE IS NOT A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER BUT IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE MONEYS AND PROPERTIES PLEDGED FOR PAYMENT THEREOF.

US \$[_____]

Dated Date: [CONVERSION DATE]

FOR VALUE RECEIVED, the undersigned, McKinney Housing Finance Corporation (the “*Governmental Lender*”), promises to pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement referenced below) to the order of Wells Fargo Bank, National Association (the “*Funding Lender*”), and its assigns, the principal sum of \$[_____], plus Prepayment Premium, if any, and interest thereon and to pay the other amounts owing from time to time hereunder, all as set forth below.

This Multifamily Housing Governmental Note (this “*Governmental Note*”) is being delivered pursuant to that certain Funding Loan Agreement dated as of [FIRST DAY OF MONTH OF CONVERSION] (together with any and all amendments, modifications, supplements and restatements, the “*Funding Loan Agreement*”), among Funding Lender, the Governmental Lender and UMB Bank, N.A. (the “*Fiscal Agent*”), pursuant to which the Governmental Lender has incurred a loan in the original principal amount of \$[_____] (the “*Funding Loan*”), and this Governmental Note is entitled to the benefits of the Funding Loan Agreement and is subject to the terms, conditions and provisions thereof. The Governmental Lender is using the proceeds of the Funding Loan to make a loan to Skyway Villas (TX) Owner LP (the “*Borrower*”) pursuant to the

Project Loan Agreement dated as of [FIRST DAY OF MONTH OF CONVERSION] (the “*Project Loan Agreement*”), among the Governmental Lender, Borrower, and Fiscal Agent.

Section 1. Defined Terms. As used in this Governmental Note, (i) the term “*Funding Lender*” means the holder of this Governmental Note, and (ii) the term “*Indebtedness*” means the principal of, Prepayment Premium, if any, and interest on or any other amounts due at any time under this Governmental Note or the Funding Loan Agreement. “*Event of Default*” and other capitalized terms used but not defined in this Governmental Note shall have the meanings given to such term in the Funding Loan Agreement.

Section 2. Payments of Principal and Interest. The Governmental Lender shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) on the first calendar day of each month commencing [FIRST DAY OF MONTH IMMEDIATELY FOLLOWING CONVERSION DATE], interest on this Governmental Note at the rate of [____]% per annum (or such higher rate of interest borne by the Funding Loan upon any default) (the “*Interest Rate*”) on the outstanding principal balance of this Governmental Note, and shall also pay interest on this Governmental Note at the Interest Rate on the date of any optional or mandatory prepayment or acceleration of all or part of the Funding Loan pursuant to the Funding Loan Agreement, in an amount equal to the accrued and unpaid interest to the date of prepayment on the portion of this Governmental Note subject to prepayment. Interest on this Governmental Note shall be computed on the basis of a 360-day year and the actual number of days elapsed.

The Governmental Lender shall pay (but solely from the sources and in the manner provided for in the Funding Loan Agreement) the outstanding principal of this Governmental Note in full on September 1, 2044 (the “*Maturity Date*”) and in monthly installments on each date set forth on the Funding Loan Amortization Schedule attached as Schedule 1 hereto in an amount equal to the corresponding amounts set forth thereon, or at such earlier times and in such amounts as may be required, in the event of an optional or mandatory prepayment or acceleration of the Funding Loan pursuant to the Funding Loan Agreement. The outstanding principal hereof is subject to acceleration at the time or times and under the terms and conditions, and with notice, if any, as provided under the Funding Loan Agreement.

Section 3. Manner of Payment. All payments under this Governmental Note shall be made in lawful currency of the United States and in immediately available funds as provided for herein and in the Funding Loan Agreement.

Section 4. Application of Payments. If at any time Funding Lender receives any amount applicable to the Indebtedness which is less than all amounts due and payable at such time, Funding Lender may apply that payment to amounts then due and payable in any manner and in any order determined by Funding Lender, in Funding Lender’s discretion. Neither Funding Lender’s acceptance of a payment in an amount that is less than all amounts then due and payable nor Funding Lender’s application of such payment shall constitute or be deemed to constitute either a waiver of the unpaid amounts or an accord and satisfaction.

Section 5. Security. The Indebtedness is secured by, among other things, the Pledged Security pledged pursuant to the Funding Loan Agreement.

Section 6. Acceleration. If an Event of Default has occurred and is continuing, the entire unpaid principal balance, any accrued interest, and all other amounts payable under this Governmental Note shall at once become due and payable, at the option of Funding Lender, as governed by the Funding Loan Agreement, without any prior notice to the Governmental Lender (unless required by applicable law). Funding Lender may exercise this option to accelerate regardless of any prior forbearance.

Section 7. Prepayment; Prepayment Premium. This Governmental Note is subject to prepayment as specified in the Funding Loan Agreement. Prepayment Premium shall be payable as specified in the Funding Loan Agreement.

Section 8. Forbearance. Any forbearance by Funding Lender in exercising any right or remedy under this Governmental Note or any other document evidencing or securing the Funding Loan or otherwise afforded by applicable law, shall not be a waiver of or preclude the exercise of that or any other right or remedy. The acceptance by Funding Lender of any payment after the due date of such payment, or in an amount which is less than the required payment, shall not be a waiver of Funding Lender's right to require prompt payment when due of all other payments or to exercise any right or remedy with respect to any failure to make prompt payment. Enforcement by Funding Lender of any security for the obligations under this Governmental Note shall not constitute an election by Funding Lender of remedies so as to preclude the exercise of any other right or remedy available to Funding Lender.

Section 9. Waivers. Presentment, demand, notice of dishonor, protest, notice of acceleration, notice of intent to demand or accelerate payment or maturity, presentment for payment, notice of nonpayment, grace and diligence in collecting the Indebtedness are waived by the Governmental Lender and all endorsers and guarantors of this Governmental Note and all other third-party obligors.

Section 10. Loan Charges. Neither this Governmental Note nor any of the other Financing Documents will be construed to create a contract for the use, forbearance, or detention of money requiring payment of interest at a rate greater than the rate of interest which results in the maximum amount of interest allowed by applicable law pursuant to Chapter 1204 of the Texas Government Code (the "*Maximum Interest Rate*"). If any applicable law limiting the amount of interest or other charges permitted to be collected from Governmental Lender in connection with the Funding Loan is interpreted so that any interest or other charge provided for in any Financing Document, whether considered separately or together with other charges provided for in any other Financing Document, violates that law, and Governmental Lender is entitled to the benefit of that law, that interest or charge is hereby reduced to the extent necessary to eliminate that violation. The amounts, if any, previously paid to Funding Lender in excess of the permitted amounts will be applied by Funding Lender to reduce the unpaid principal balance of this Governmental Note. For the purpose of determining whether any applicable law limiting the amount of interest or other charges permitted to be collected from Governmental Lender has been violated, all indebtedness that constitutes interest, as well as all other charges made in connection with the indebtedness that constitute interest, will be deemed to be allocated and spread ratably over the stated term of this Governmental Note. Unless otherwise required by applicable law, such allocation and spreading will be effected in such a manner that the rate of interest so computed is uniform throughout the stated term of this Governmental Note.

Section 11. Governing Law. This Governmental Note shall be governed by the internal law of the Property Jurisdiction.

Section 12. Captions. The captions of the paragraphs of this Governmental Note are for convenience only and shall be disregarded in construing this Governmental Note.

Section 13. Address for Payment. All payments due under this Governmental Note shall be payable at the principal office of Funding Lender as designated by Funding Lender in writing to Fiscal Agent and Loan Servicer.

Section 14. Default Rate. So long as (a) any monthly installment under this Governmental Note remains past due, or (b) any other Event of Default has occurred and is continuing, interest under this Governmental Note shall accrue on the unpaid principal balance from the earlier of the due date of the first unpaid monthly installment or the occurrence of such other Event of Default, as applicable, at a rate (the “*Default Rate*”) equal to the lesser of (i) the Interest Rate otherwise in effect notwithstanding the default plus [four] percent ([4]%) per annum or (ii) the Maximum Interest Rate. If the unpaid principal balance and all accrued interest are not paid in full on the Maturity Date, the unpaid principal balance and all accrued interest shall bear interest from the Maturity Date at the Default Rate.

Section 15. Limited Obligation. NOTWITHSTANDING ANY OTHER PROVISION OF THIS GOVERNMENTAL NOTE TO THE CONTRARY, ANY OBLIGATION THAT THE GOVERNMENTAL LENDER MAY INCUR UNDER THE FUNDING LOAN AGREEMENT OR UNDER ANY INSTRUMENT EXECUTED IN CONNECTION THEREWITH THAT SHALL ENTAIL THE EXPENDITURE OF MONEY SHALL NOT BE A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER, BUT SHALL BE A SPECIAL, LIMITED OBLIGATION PAYABLE SOLELY FROM THE PLEDGED SECURITY. THIS GOVERNMENTAL NOTE SHALL CONSTITUTE A VALID CLAIM OF THE HOLDER HEREOF AGAINST THE PLEDGED SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THIS GOVERNMENTAL NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THIS GOVERNMENTAL NOTE SHALL BE A LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER GIVING RISE TO NO CHARGE AGAINST THE GOVERNMENTAL LENDER’S GENERAL CREDIT AND PAYABLE SOLELY FROM, AND CONSTITUTE CLAIMS OF THE HOLDERS THEREOF AGAINST ONLY, THE PLEDGED SECURITY. PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THIS GOVERNMENTAL NOTE SHALL NOT BE DEEMED TO CONSTITUTE DEBT OF THE GOVERNMENTAL LENDER (EXCEPT TO THE EXTENT OF THE PLEDGED SECURITY). THIS GOVERNMENTAL NOTE DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION OR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THIS GOVERNMENTAL NOTE DOES NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE SPONSORING POLITICAL SUBDIVISION OR ANY OTHER POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THIS GOVERNMENTAL NOTE. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM, IF ANY, OR INTEREST ON THIS GOVERNMENTAL NOTE OR FOR ANY CLAIM BASED ON THIS GOVERNMENTAL NOTE, OR OTHERWISE IN RESPECT OF THIS GOVERNMENTAL NOTE, OR BASED ON OR IN RESPECT OF

THE FUNDING LOAN AGREEMENT OR ANY SUPPLEMENTAL FUNDING LOAN AGREEMENT, AGAINST THE GENERAL CREDIT OF THE GOVERNMENTAL LENDER OR AGAINST ANY PAST, PRESENT OR FUTURE GOVERNING BOARD MEMBER, DIRECTOR, OFFICER, AGENT OR EMPLOYEE OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH GOVERNING BOARD MEMBERS, DIRECTORS, OFFICERS, AGENTS OR EMPLOYEES, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS GOVERNMENTAL NOTE.

THIS GOVERNMENTAL NOTE SHALL NOT BE ENTITLED to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon.

IN WITNESS WHEREOF, the Governmental Lender has caused this Governmental Note to be duly executed in the name of the Governmental Lender by the manual or facsimile signature of its President and attested by the manual or facsimile signature of its Secretary, as of the date shown above.

MCKINNEY HOUSING FINANCE CORPORATION

By: _____
President

ATTEST:

By: _____
Secretary

CERTIFICATE OF AUTHENTICATION

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

Date of Authentication: _____

UMB BANK, N.A., as Fiscal Agent

By: _____
Authorized Signer

SCHEDULE 1
FUNDING LOAN AMORTIZATION SCHEDULE

[To come]

EXHIBIT B

NOTICE OF APPOINTMENT OF FUNDING LENDER REPRESENTATIVE

UMB Bank, N.A., as Fiscal Agent
5910 North Central Expressway, Suite 1900
Dallas, Texas 75206
Attention: Corporate Trust & Escrow Services

Skyway Villas (TX) Owner LP
c/o April Housing
300 South Grand Avenue, 2nd Floor
Los Angeles, California 90071
Attention: [Brad Fisher]

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

Wells Fargo Bank, National Association
1751 Pinnacle Drive, 8th Floor
McLean, Virginia 22102
Email: WFMCServicing@wellsfargo.com

Re: Skyway Villas

Ladies and Gentlemen:

The undersigned is the holder (the “*Funding Lender*”) of the Multifamily Housing Governmental Note dated [CONVERSION DATE] (the “*Governmental Note*”) delivered pursuant to the Funding Loan Agreement dated as of [FIRST DAY OF MONTH OF CONVERSION] (the “*Funding Loan Agreement*”), among Wells Fargo Bank, National Association (the “*Initial Funding Lender*”), McKinney Housing Finance Corporation (the “*Governmental Lender*”) and UMB Bank, N.A. (the “*Fiscal Agent*”). Pursuant to Section 10.05 of the Funding Loan Agreement, you are hereby notified that, effective immediately upon receipt of this notice by Fiscal Agent, Funding Lender Representative appointed under Section 10.05 of the Funding Loan Agreement shall be _____. The Person previously appointed as Funding Lender Representative, if any, shall upon the effectiveness of this notice no longer have any further rights or obligations as Funding Lender Representative.

The following individual or individuals shall have the authority to execute any consent, waiver, approval, direction or other instrument on behalf of Funding Lender Representative and the signature(s) set forth next to his/her/their name(s) is/are his/her/their true and correct signature(s).

NAME

SIGNATURE

Additional individuals may be given such authority by written notice to you from Funding Lender Representative or from Funding Lender.

This notice is dated as of the ____ day of _____, ____.

**WELLS FARGO BANK, NATIONAL
ASSOCIATION**, as funding lender
a national banking association

By: _____

Name: _____

Title: _____

EXHIBIT C

FORM OF TRANSFEREE REPRESENTATIONS LETTER

UMB Bank, N.A.
5910 North Central Expressway, Suite 1900
Dallas, Texas 75206
Attention: Corporate Trust & Escrow Services

Skyway Villas (TX) Owner LP
c/o April Housing
300 South Grand Avenue, 2nd Floor
Los Angeles, California 90071
Attention: [Brad Fisher]

McKinney Housing Finance Corporation
401 E. Virginia Street
McKinney, Texas 75069
Attention: Cristel Todd
Email: ctodd@mckinneytexas.org

Wells Fargo Bank, National Association
1751 Pinnacle Drive, 8th Floor
McLean, Virginia 22102
Email: WFMCServicing@wellsfargo.com

Re: Skyway Villas

Ladies and Gentlemen:

The undersigned (the “*Funding Lender*”) hereby acknowledges receipt of the Multifamily Housing Governmental Note in the [original] aggregate principal amount of \$[____], dated [CONVERSION DATE] (the “*Governmental Note*”) and delivered pursuant to the Funding Loan Agreement dated as of [FIRST DAY OF MONTH OF CONVERSION] (the “*Funding Loan Agreement*”), among Wells Fargo Bank, National Association (the “*Initial Funding Lender*”), McKinney Housing Finance Corporation (the “*Governmental Lender*”) and UMB Bank, N.A. (the “*Fiscal Agent*”). Capitalized terms used herein and not otherwise defined have the meanings given to such terms in the Funding Loan Agreement.

In connection with the [origination][purchase] of the Funding Loan by Funding Lender, Funding Lender hereby makes the following representations upon which you may rely:

1. Funding Lender has authority to [originate][purchase] the Funding Loan and to execute this letter, and any other instruments and documents required to be executed by Funding Lender in connection with the [origination][purchase] of the Funding Loan.

2. Funding Lender is an “accredited investor” under Rule 501 of Regulation D of the Securities Act of 1933 (the “*Act*”) or a “qualified institutional buyer” under

Rule 144(a) of said Act (such “accredited investor” or “qualified institutional buyer”, a “*Qualified Transferee*”), and therefore, has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations, to be able to evaluate the risks and merits of the investment represented by the Funding Loan.

3. Funding Lender acknowledges that it is [originating][purchasing] the Funding Loan for investment for its own account and not with a present view toward resale or the distribution thereof (except as set forth below), in that it does not now intend to resell or otherwise dispose of all or any part of its interests in the Funding Loan (except as set forth below); *provided, however*, that Funding Lender may, notwithstanding the foregoing and the terms of Paragraph 4 below, (a) transfer the Funding Loan to any affiliate or other party related to Funding Lender that is a Qualified Transferee or (b) sell or transfer the Funding Loan to a special purpose entity, a trust or a custodial or similar pooling arrangement from which the Funding Loan or securitized interests therein are not expected to be sold except to (i) owners or beneficial owners thereof that are Qualified Transferees or (ii) in circumstances where secondary market credit enhancement is provided for such securitized interests resulting in a rating thereof of at least “A” or better [; *provided, further, however*, Funding Lender has originated and funded the Funding Loan with the expectation that the Funding Loan will be sold to the Federal Home Loan Mortgage Corporation (“*Freddie Mac*”) pursuant to the commitment dated [____], 2026 (the “*Freddie Mac Commitment*”)].

4. In addition to the right to sell or transfer the Funding Loan as set forth in Paragraph 3 above, Funding Lender further acknowledges its right to sell or transfer the Funding Loan, subject, as required under the Funding Loan Agreement, to the delivery to Fiscal Agent of a transferee representations letter from the transferee to substantially the same effect as this Transferee Representations Letter or in such other form authorized by the Funding Loan Agreement with no revisions except as may be approved in writing by Governmental Lender.

5. Funding Lender understands that the Governmental Note is not registered under the Act and that such registration is not legally required as of the date hereof; and further understands that the Governmental Note (a) is not being registered or otherwise qualified for sale under the “Blue Sky” laws and regulations of any state, (b) will not be listed in any stock or other securities exchange, (c) will not carry a rating from any rating service and (d) will be delivered in a form which may not be readily marketable.

6. The Funding Lender understands that (a) the Funding Loan is not secured by any pledge of any moneys received or to be received from taxation by the State of Texas or any political subdivision thereof and that Governmental Lender has no taxing power, (b) the Funding Loan does not and will not represent or constitute a general obligation or a pledge of the faith and credit of Governmental Lender, the State of Texas or any political subdivision thereof; and (c) the liability of Governmental Lender with respect to the Funding Loan is limited to the Pledged Security as set forth in the Funding Loan Agreement.

7. Funding Lender has either been supplied with or been given access to information, including financial statements and other financial information, which it considers necessary to make an informed decision in connection with the [origination][purchase] of the Funding Loan. Funding Lender has not relied upon Governmental Lender for any information in connection with its purchase of the Funding Loan.

8. Funding Lender has made its own inquiry and analysis with respect to the Funding Loan and the security therefor, and other material factors affecting the security and payment of the Funding Loan. Funding Lender is aware that the business of Borrower involves certain economic variables and risks that could adversely affect the security for the Funding Loan.

9. THE UNDERSIGNED FUNDING LENDER INDEMNIFIES THE GOVERNMENTAL LENDER AND THE FISCAL AGENT FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT MAY RESULT IF THE REPRESENTATIONS CONTAINED IN THIS TRANSFEREE REPRESENTATIONS LETTER ARE FALSE IN ANY MATERIAL RESPECT.

All agreements, representations and warranties made herein shall survive the execution and delivery of this letter agreement and, notwithstanding any investigation heretofore or hereafter, shall continue in full force and effect.

This letter agreement is dated as of the ____ day of _____, ____.

FUNDING LENDER:

_____, a _____

By: _____

Name: _____

Title: _____

APPENDIX D

PROJECT LOAN AGREEMENT

PROJECT LOAN AGREEMENT – FIXED RATE – TEL (IMMEDIATE) (REVISED 6-27-2023)

THIS PROJECT LOAN AGREEMENT dated as of [FIRST DAY OF MONTH OF CONVERSION] (“*Project Loan Agreement*”), is made by and among the MCKINNEY HOUSING FINANCE CORPORATION (the “*Governmental Lender*”), UMB BANK, N.A., as fiscal agent (the “*Fiscal Agent*”), and SKYWAY VILLAS (TX) OWNER LP (the “*Borrower*”).

RECITALS

A. Pursuant to the Texas Housing Finance Corporations Act, Texas Local Government Code, Chapter 394 (the “*Act*”) and a Trust Indenture dated as of August 1, 2026 (the “*Indenture*”), by and between the Governmental Lender (as “*Issuer*”) and the Fiscal Agent (as “*Trustee*”), the Issuer issued and sold its \$[46,000,000] Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 (the “*Bonds*”), and used the proceeds thereof to make a loan to Skyway Villas (TX) Owner LP, a limited partnership formed in the State of Texas (the “*Borrower*”), upon the terms and conditions of a promissory note dated August [___], 2026, from the Borrower to the Issuer in the original principal amount of \$[46,000,000] (the “*Project Note*”) and the Loan Agreement dated as of August 1, 2026 (the “*Original Loan Agreement*”), which Original Project Note was endorsed from the Issuer to the Trustee as security for the Bonds, by and between the Issuer and the Borrower to provide for the financing of a portion of the acquisition, rehabilitation and equipping of a multifamily rental housing development of approximately 232 multifamily rental housing units located at 2000 Skyline Drive, McKinney, Texas 75071, known as the Skyway Villas. The Land, Improvements, and Fixtures (each as defined in the Security Instrument) are collectively referred to herein as the “*Project*”.

B. Pursuant to the Act and this Project Loan Agreement, Governmental Lender is agreeing to make a mortgage loan to Borrower in the original principal amount of \$[_____] (the “*Project Loan*”) to provide for the financing of a portion of the Project during the Permanent Phase (as defined in the Indenture).

C. Governmental Lender is making the Project Loan during the Permanent Phase with the proceeds received from the separate loan being made to Governmental Lender pursuant to the Funding Loan Agreement dated as of the date hereof (“*Funding Loan Agreement*”), among Wells Fargo Bank, National Association, in its capacity as initial holder of the Governmental Note (the “*Initial Funding Lender*”), Governmental Lender and Fiscal Agent, in the original principal amount of \$[_____] (the “*Funding Loan*” and together with the Project Loan, the “*Loans*”). The Funding Loan is being originated and funded by Initial Funding Lender under the Funding Loan Agreement and is evidenced by the Multifamily Housing Governmental Note (Skyway Villas), Series 2026 dated [CONVERSION DATE] (the “*Delivery Date*”), delivered by Governmental Lender to Initial Funding Lender (as the same may be amended, restated, supplemented or otherwise modified from time to time, or any note executed in substitution therefor, as such

substitute note may be amended, restated, supplemented or otherwise modified from time to time, and together with all addenda thereto, the “*Governmental Note*”).

D. Because the “Conditions to Conversion” (as defined in in the Construction Phase Financing Agreement dated as of August [___], 2026 (the “*Construction Phase Financing Agreement*”), by and among Wells Fargo Bank, National Association, the Initial Funding Lender and Freddie Mac) were satisfied on or prior to the Forward Commitment Maturity Date (as defined in the Construction Phase Financing Agreement), (i) the Bonds are subject to mandatory tender in accordance with the Indenture, (ii) the purchase price of the Bonds is being paid with amounts on deposit under the Indenture, (iii) a portion of the principal amount of the Bonds is being cancelled such that the principal amount outstanding equals the principal amount of the Funding Loan, (iv) the Bonds are being converted to a physical Governmental Note, which is being purchased by the Initial Funding Lender, (v) the Funding Loan Agreement and this Project Loan Agreement are being delivered by the respective parties and becoming effective and superseding the Indenture and the Loan Agreement, respectively, and (vi) Wells Fargo Bank, National Association is being been paid in full in accordance with the Indenture.

E. On the Conversion Date, the Original Project Note is being amended and restated by an Amended and Restated Project Note dated the date hereof (together with all riders and modifications thereto, the “*Project Note*”) delivered to the Fiscal Agent as security for the Funding Loan.

F. Freddie Mac has entered into a commitment with Initial Funding Lender dated [____], 2026 (as the same may be amended, modified or supplemented from time to time, the “*Freddie Mac Commitment*”) whereby Freddie Mac has agreed to purchase the Funding Loan from Initial Funding Lender on the date of satisfaction of the conditions set forth therein (the “*Freddie Mac Purchase Date*”). On the Freddie Mac Purchase Date, Initial Funding Lender will assign all of its rights and interest in the Governmental Note, this Funding Loan Agreement, the Continuing Covenant Agreement and the other Financing Documents to Freddie Mac.

G. To secure Borrower’s obligations under the Project Note, Borrower will execute and deliver to Governmental Lender a Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing dated the Delivery Date (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “*Security Instrument*”) granting a first priority mortgage and security interest in the Project in favor of Governmental Lender. Pursuant to the Assignment, the Security Instrument will be assigned by Governmental Lender to Fiscal Agent as security for the Funding Loan.

H. All of the right, title and interest of Governmental Lender (except for its Unassigned Rights) in and to this Project Loan Agreement, the Security Instrument, and the other Financing Documents are being assigned to Fiscal Agent as security for the Funding Loan

I. As a Condition to Conversion, the Borrower is required to enter into a Continuing Covenant Agreement dated the Delivery Date (as the same may be amended, restated, supplemented or otherwise modified from time to time, the “*Continuing Covenant Agreement*”), with Initial Funding Lender, to set forth various other requirements with respect to the Loans and the Project, which will be assigned to Freddie Mac on the Freddie Mac Purchase Date.

J. On and after the Freddie Mac Purchase Date, Freddie Mac will act as Funding Lender Representative with respect to the Loans. Wells Fargo Bank, National Association will act as the initial Loan Servicer for the Loans on behalf of Funding Lender Representative.

AGREEMENT

NOW, THEREFORE, in consideration of the premises and of the origination and funding of the Project Loan by Governmental Lender, and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS; INTERPRETATION; SCHEDULES

Section 1.01. Definitions. The terms used in this Project Loan Agreement (except as herein otherwise expressly provided or unless the context otherwise requires) for all purposes of this Project Loan Agreement and of any amendment or supplement hereto shall have the respective meanings specified below. Terms used herein (including when used in the Recitals) not otherwise defined shall have the respective meanings set forth in the Funding Loan Agreement and the Continuing Covenant Agreement.

“Act” is defined in the Recitals of this Project Loan Agreement.

“Additional Loans” is defined in Section 8.13 of this Project Loan Agreement.

“Borrower” means the entity identified as “Borrower” in the Recitals of this Project Loan Agreement, together with any of its permitted successors and assigns, as owner of the Project.

“Borrower’s Tax Letter of Representation” means the Borrower’s Tax Letter of Representation executed by Borrower and delivered on August ____, 2026, the initial delivery date of the Bonds.

“Continuing Covenant Agreement” is defined in the Recitals of this Project Loan Agreement.

“Delivery Date” means the date identified as “Conversion Date” in the Recitals of this Project Loan Agreement, which is the date of funding of the Funding Loan and the delivery of the Governmental Note by Governmental Lender to Initial Funding Lender.

“Event of Default” means the occurrence of any event listed in Section 7.01 hereof.

“Fee Component” means the regular, ongoing fees due from time to time to Governmental Lender, Fiscal Agent and the Rebate Analyst, if any, expressed as a flat, fixed amount or in terms of a percentage of the unpaid principal amount of the Funding Loan on an annual basis.

“Fiscal Agent” means the entity identified as “Fiscal Agent” on Page 1 of this Project Loan Agreement, together with any successor Fiscal Agents appointed under the Funding Loan Agreement.

“*Freddie Mac*” means the Federal Home Loan Mortgage Corporation, a shareholder owned government sponsored enterprise organized and existing under the laws of the United States of America, and its successors and assigns.

“*Freddie Mac Commitment*” is defined in the Recitals of this Project Loan Agreement.

“*Freddie Mac Purchase Date*” is defined in the Recitals of this Project Loan Agreement.

“*Funding Loan*” is defined in the Recitals of this Project Loan Agreement.

“*Funding Loan Agreement*” is defined in the Recitals of this Project Loan Agreement.

“*Governmental Lender*” means the entity identified as “Governmental Lender” on Page 1 of this Project Loan Agreement.

“*Governmental Note*” is defined in the Recitals of this Project Loan Agreement.

“*Indenture*” has the meaning ascribed to such term in the Recitals of this Project Loan Agreement.

“*Initial Funding Lender*” is defined in the Recitals of this Project Loan Agreement.

“*Loans*” is defined in the Recitals of this Project Loan Agreement.

“*Low Income Tenants*” shall have the meaning ascribed to such term in the TEL Regulatory Agreement.

“*Maximum Household Income*” had the meaning given to such term in Section 2.01(k) hereof.

“*Median Family Income*” had the meaning given to such term in Section 2.01(k) hereof.

“*Project*” is defined in the Recitals of this Project Loan Agreement.

“*Project Loan*” is defined in the Recitals of this Project Loan Agreement.

“*Project Loan Agreement*” means this Project Loan Agreement, together with any amendments hereto.

“*Project Loan Amortization Schedule*” means the Project Loan Amortization Schedule attached as Schedule 1 to the Project Note.

“*Project Loan Payment*” means each payment of the Project Loan on each Project Loan Payment Date pursuant to the Project Note and this Project Loan Agreement.

“*Project Loan Payment Date*” means (a) the first day of each calendar month, commencing [FIRST DAY OF MONTH IMMEDIATELY FOLLOWING CONVERSION DATE], or (b) any other date on which the Project Loan is prepaid or paid, whether at scheduled maturity or upon prepayment or acceleration of the maturity thereof; *provided, however*, that if a Project Loan Payment Date is not

a Business Day, payment shall be made on the first Business Day following such Project Loan Payment Date as provided in Section 4.01(c) hereof.

“*Project Note*” is defined in the Recitals of this Project Loan Agreement.

“*Security Instrument*” is defined in the Recitals of this Project Loan Agreement.

“*Servicing Fee*” means the ordinary fee payable to Loan Servicer in connection with the servicing of the Loans payable monthly in an amount equal to one twelfth of 0.9% of the outstanding principal balance of the Project Loan, computed on the basis of a 360-day year and the actual number of days elapsed.

“*Taxes*” means all taxes, water rents, sewer rents, assessments and other governmental or municipal or public or private dues, fees, charges and levies and any liens (including federal tax liens) which are or may be levied, imposed or assessed upon the Project or any part thereof, or upon any leases pertaining thereto, or upon the rents, issues, income or profits thereof, whether any or all of the aforementioned be levied directly or indirectly or as excise taxes or as income taxes.

Section 1.02. Interpretation. The words “hereof,” “herein,” “hereunder,” and other words of similar import refer to this Project Loan Agreement as a whole and not to any particular Article, Section or other subdivision. References to Articles, Sections, and other subdivisions of this Project Loan Agreement are to the designated Articles, Sections and other subdivisions of this Project Loan Agreement as originally executed. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Words importing the singular number shall include the plural number and vice versa unless the context shall otherwise indicate. Words importing persons include firms, partnerships, limited liability companies, joint ventures, associations and corporations. All accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as in effect from time to time. The headings of this Project Loan Agreement are for convenience only and shall not define or limit the provisions hereof.

Section 1.03. Schedules.

SCHEDULE

Schedule I List of Project Loan Agreement Sections

ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS

Section 2.01. Representations, Warranties and Covenants of Governmental Lender. Governmental Lender makes the following representations, warranties and covenants for the benefit of Borrower, Fiscal Agent, Funding Lender and Loan Servicer:

(a) Governmental Lender is a public, nonprofit housing finance corporation duly organized, validly existing and in good standing under the laws of the Property Jurisdiction.

(b) Governmental Lender has all necessary power and authority to issue the Governmental Note and to make the Project Loan from the proceeds thereof, and to execute, and deliver this Project Loan Agreement, the Funding Loan Agreement, and the other Financing Documents to which it is a party, and to perform its duties and discharge its obligations hereunder and thereunder.

(c) Governmental Lender has taken all action on its part to incur the Funding Loan evidenced by the Governmental Note and make the Project Loan from the proceeds thereof and for the sale, execution and delivery thereof.

(d) Each of the Financing Documents to which Governmental Lender is a party has been duly and validly authorized, executed and delivered by Governmental Lender and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Governmental Lender, enforceable against Governmental Lender in accordance with its respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium or other laws affecting creditors' rights generally and the application of equitable principles.

(e) Governmental Lender has complied with the provisions of the laws of the Property Jurisdiction, including, but not limited to, the Act, which are prerequisites to the consummation of the transactions on the part of Governmental Lender described or contemplated in the Financing Documents. The execution and delivery of the Governmental Note and the Financing Documents to which Governmental Lender is a party, the consummation of the transactions on the part of Governmental Lender contemplated thereby and the fulfillment of or compliance with the terms and conditions thereof do not conflict with or result in the breach of any of the terms, conditions or provisions of any agreement or instrument or judgment, order or decree to which Governmental Lender is now a party or by which it is bound, nor do they constitute a default under any of the foregoing or result in the creation or imposition of any prohibited lien, charge or encumbrance of any nature upon any property or assets of Governmental Lender under the terms of any instrument or agreement.

(f) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained, is required for the due execution and delivery by Governmental Lender of, and performance by Governmental Lender of its obligations under, the Financing Documents.

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of Governmental Lender, threatened against Governmental Lender by or before any court, governmental agency or public board or body, nor, to Governmental Lender's knowledge, is there any basis therefor, which (i) affects or questions the existence or the territorial jurisdiction of Governmental Lender or the title to office of any member

of the governing body of Governmental Lender; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any Financing Documents or the issuance, sale, execution or delivery of the Governmental Note; (iii) affects or questions the validity or enforceability of the Governmental Note or any Financing Document; (iv) questions the tax-exempt status of the Governmental Note; or (v) questions the power or authority of Governmental Lender to perform its obligations under the Governmental Note or any Financing Document, or to carry out the transactions contemplated by the Governmental Note and the Financing Documents.

(h) No officer or other official of Governmental Lender has any personal financial interest in the Project or Borrower or in the transactions contemplated by this Project Loan Agreement.

(i) Upon the discovery by Governmental Lender of any noncompliance by Borrower with this Project Loan Agreement or the TEL Regulatory Agreement, Governmental Lender will promptly notify Fiscal Agent, Loan Servicer and Funding Lender Representative of such noncompliance and will, subject to the provisions of Article VII hereof, promptly institute action, or cause Fiscal Agent to institute action, to correct such noncompliance, will diligently pursue such action and will attempt to correct such noncompliance within sixty (60) days after such discovery, subject to the provisions of the Funding Loan Agreement, this Project Loan Agreement and the TEL Regulatory Agreement.

(j) The Governmental Lender will, at the expense of the Borrower, take such action or actions from time to time, including amendment of this Project Loan Agreement, as may be necessary, as stated in an opinion of Bond Counsel acceptable to the Governmental Lender, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service from time to time pertaining to (a) obligations on which the interest is tax-exempt under Section 103 of the Code and (b) the provisions of Section 142(d) of the Code and the Regulations promulgated thereunder. The Governmental Lender will not take, or permit to be taken on its behalf, any action that would adversely affect the excludability of interest on the Governmental Note from gross income for federal income tax purposes, and it will take, at the sole cost and expense of the Borrower, such action as may be necessary to continue such excludability of interest on the Governmental Note from gross income for federal income tax purposes.

(k) The Governmental Lender hereby determines that the maximum amount constituting moderate income pursuant to Section 394.004 of the Act shall be an amount equal to 140% of the Median Family Income (the “*Maximum Household Income Limit*”), which limit shall be automatically adjusted to reflect changes in the Median Family Income. For purposes of this Project Loan Agreement, “*Median Family Income*” means the median gross income for the area in which the Project is located, as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, or as otherwise determined pursuant to said section.

(l) The Governmental Lender makes no warranty, express or implied, with respect to the Project or any portion thereof, including without limitation, the habitability thereof; the merchantability or fitness thereof for any particular purposes; the design or condition thereof; the workmanship, quality, or capacity thereof; latent defects therein; the value thereof; future performance or the compliance thereof with any legal requirements.

(m) The Governmental Lender finds and determines that financing the Project as contemplated by the Funding Loan Agreement and this Project Loan Agreement will further public purposes under the Act.

It is expressly acknowledged that Governmental Lender makes no representation as to the financial position or business condition of Borrower and does not represent or warrant as to any of the statements, materials (financial or otherwise), representations or certifications furnished or to be made and furnished by Borrower in connection with the issuance, sale, execution and delivery of the Governmental Note, or as to the correctness, completeness or accuracy of such statements.

Section 2.02. Representations, Warranties and Covenants of Borrower. Borrower makes the following representations, warranties and covenants, all of which, together with the other representations and agreements of Borrower contained in this Project Loan Agreement, are relied upon by Governmental Lender, Funding Lender, Loan Servicer and Fiscal Agent and serve as a basis for the undertakings of Governmental Lender, Loan Servicer and Fiscal Agent contained in this Project Loan Agreement:

(a) Borrower is a limited partnership duly organized, validly existing and in good standing under the laws of the state in which it has been organized and is duly qualified to conduct its business under the laws of the Property Jurisdiction and in every other state in which the nature of its business requires such qualification, has full legal right, power and authority to enter into this Project Loan Agreement and the other Financing Documents, and to carry out and consummate all transactions contemplated hereby and by the other Financing Documents, and by proper action has duly authorized the execution, delivery and performance of this Project Loan Agreement and the other Financing Documents. All corporate general partners, if any, of Borrower are duly organized and in good standing under the laws of their respective states of organization and are duly qualified to transact business in the Property Jurisdiction as either domestic or foreign corporations, as applicable. All partnership general partners, if any, are duly formed and in good standing under the laws of their respective states of formation and, to the extent required by the laws of the Property Jurisdiction, are duly qualified to transact business in the Property Jurisdiction as either domestic or foreign partnerships or limited liability companies, as applicable.

(b) Borrower has the legal right, power and authority (i) to own its properties and assets, including, but not limited to, the Project, (ii) to carry on its business as now being conducted and Borrower contemplates it to be conducted with respect to the Project and (iii) to execute and deliver, carry out its obligations under, and close the transactions provided for in the Financing Documents to which it is a party.

(c) Each of the Financing Documents to which Borrower is a party has been duly authorized, executed and delivered by Borrower and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the legal, valid and binding obligation of Borrower, enforceable against Borrower in accordance with its respective terms, subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and general principles of equity.

(d) No authorization, consent, approval, order, registration, declaration or withholding of objection on the part of, or filing of or with any governmental authority, other than those already obtained or those necessary to be obtained during the course of rehabilitation of the Project, is required for the due execution and delivery or approval, as the case may be, by Borrower of, and the performance by Borrower of its obligations under, the Financing Documents.

(e) None of the execution and delivery of the Financing Documents to which Borrower is a party, the consummation of the transactions provided for in the Financing Documents, or Borrower's fulfillment of or compliance with the terms and conditions of the Financing Documents (i) violates or will violate any law, rule or regulation of any governmental agency or body having jurisdiction over Borrower, or any of its activities or properties, or any judgment, order, writ, injunction or decree to which Borrower is subject, or any of the organizational or other governing documents of Borrower, (ii) conflicts or will conflict with any agreement, instrument or license to which Borrower is now a party or by which it or any of its properties or assets is bound or results or will result in a breach of, or constitutes or will constitute a default (with due notice or the passage of time or both) under, any such agreement, instrument or license, (iii) contravenes or will contravene any such law, rule or regulation or any such judgment, order, writ, injunction or decree, or (iv) result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrower, except for any lien, charge or encumbrance permitted under the terms of the Financing Documents.

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

(g) There is no action, suit, proceeding, inquiry or investigation pending or, to Borrower's knowledge, threatened against or affecting Borrower or any of its properties (including, without limitation, the Project), which, if adversely determined, would (i) impair the right of Borrower to carry on its business substantially as now conducted and as contemplated by the Financing Documents, (ii) adversely affect the financial condition of Borrower, (iii) prohibit, restrain or enjoin the making of the Funding Loan or the Project Loan or the execution and delivery of any of the Financing Documents, (iv) adversely affect the validity or enforceability of any of the Financing Documents, or (v) adversely affect the excludability of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes.

(h) The Project and the operation of the Project (in the manner contemplated by the Financing Documents) conform and will continue to conform in all material respects with the requirements of the Act as well as all applicable zoning, planning, building and environmental laws, ordinances and regulations of governmental authorities having jurisdiction over the Project.

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

(j) Borrower is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any agreement or instrument to which it is a party which default would materially adversely affect the transactions contemplated by the Financing Documents or the operations of Borrower or the enforceability of the Financing Documents to which Borrower is a party or the ability of Borrower to perform all obligations thereunder.

(k) Borrower agrees to pay all costs of maintenance and repair, all Taxes and assessments, insurance premiums (including public liability insurance and insurance against damage to or destruction of the Project) concerning or in any way related to the Project, or any part thereof, and any expenses or renewals thereof, and any other governmental charges and impositions whatsoever, foreseen or unforeseen, and all utility and other charges and assessments concerning or in any way related to the Project.

(l) If Borrower is a partnership, all of the partnership interests in Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. If Borrower is a limited liability company, all of the ownership interests in Borrower are validly issued and are fully registered, if required, with the applicable governmental authorities and/or agencies, and there are no outstanding options or rights to purchase or acquire those interests. Nothing in this Project Loan Agreement shall prevent Borrower from issuing additional partnership interests or ownership interests if such units are issued in accordance with all applicable securities laws.

(m) All representations, warranties and certifications of the Borrower set forth in the TEL Regulatory Agreement are incorporated by reference herein and the Borrower will comply with such as if set forth herein. As of the Delivery Date, the Borrower is in compliance with all requirements set forth in Section 2.05 hereof, and the representations set forth in Section 2.05 hereof and in the TEL Regulatory Agreement are true and accurate in all respects.

(n) The information, statements or reports furnished in writing to Governmental Lender, Loan Servicer and Funding Lender Representative by Borrower in connection with this Project Loan Agreement or the consummation of the transactions contemplated hereby do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements contained therein, in light of the circumstances under

which they were made, not misleading; and the representations and warranties of Borrower and the statements, information and descriptions contained in Borrower's closing certificates, as of the Delivery Date, are true and correct in all material respects, do not contain any untrue statement of a material fact, and do not omit to state a material fact necessary to make the representations, warranties, statements, information and descriptions contained therein, in the light of the circumstances under which they were made, not misleading; and any estimates or assumptions contained in any certificate of Borrower delivered as of the Delivery Date are reasonable.

(o) To the knowledge of Borrower, no board member, officer or employee of Governmental Lender has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other person, in the Financing Documents, Borrower or the Project, in any contract for property or materials to be furnished or used in connection with the Project, or in any aspect of the transactions contemplated by the Financing Documents. It is acknowledged that an affiliate of Governmental Lender is the general partner of the Borrower, and that an affiliate of Governmental Lender is the owner of the fee simple interest in the Land.

(p) Borrower intends to hold the Project for its own account and has no current plans to sell, and has not entered into any agreement to sell, all or any portion of the Project other than as contemplated in the Financing Documents.

(q) The Project is located wholly within the boundaries of the City of McKinney, Texas.

(r) Borrower shall make no changes to the Project or to the operation thereof which would affect the qualification of the Project under the Act or impair the excludability of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes. Borrower shall operate the Project as required by the TEL Regulatory Agreement.

(s) The Funding Loan Agreement has been submitted to Borrower for examination, and Borrower, by execution of this Project Loan Agreement, acknowledges and agrees that it has participated in the drafting of the Funding Loan Agreement and that it is bound by, shall adhere to the provisions of, covenants and agrees to perform all obligations required of Borrower pursuant to, and shall have the rights set forth by the applicable terms and conditions of, the Funding Loan Agreement.

(t) Borrower will have a leasehold interest in the Land and a fee simple interest in the Improvements, subject only to liens permitted under the Security Instrument.

(u) Borrower acknowledges that (i) it understands the nature and structure of the transactions relating to the financing of the Project, (ii) it is familiar with the provisions of all of the documents and instruments relating to the financing, (iii) it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project, and (iv) it has not relied on Governmental Lender, Fiscal Agent, Freddie Mac, Funding Lender, Funding Lender Representative or Loan Servicer for any guidance or

expertise in analyzing the financial or other consequences of the transactions contemplated by the Financing Documents or otherwise relied on Governmental Lender, Fiscal Agent, Freddie Mac, Funding Lender, Funding Lender Representative or Loan Servicer in any manner.

(v) The Borrower will use and operate the Project as a “residential development” within the meaning of Section 394.003(13) of the Act and in a manner consistent with the Act and in accordance with the TEL Regulatory Agreement and Section ____ hereof for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Governmental Lender which will be consistent with the Act, the Code, the TEL Regulatory Agreement and Section 2.05 hereof.

Section 2.03. Representations and Warranties of Fiscal Agent. Fiscal Agent makes the following representations and warranties for the benefit of Governmental Lender, Borrower, Funding Lender and Loan Servicer:

(a) Fiscal Agent is a national banking association, duly organized and existing under the laws of the United States. Fiscal Agent is duly authorized to act as a fiduciary and to execute the trust created by the Funding Loan Agreement and meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(b) Fiscal Agent has complied with the provisions of law which are prerequisite to the consummation of, and has all necessary power (including trust powers) and authority (i) to execute and deliver this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) to perform its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) to consummate the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(c) Fiscal Agent has duly authorized (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which it is a party, (ii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, and (iii) the actions of Fiscal Agent contemplated by this Project Loan Agreement and the other Financing Documents to which it is a party.

(d) Each of the Financing Documents to which Fiscal Agent is a party has been duly executed and delivered by Fiscal Agent and, assuming due authorization, execution and delivery by the other parties thereto, constitutes a valid and binding obligation of Fiscal Agent, enforceable against Fiscal Agent in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights of creditors generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(e) Fiscal Agent meets the qualifications to act as Fiscal Agent under the Funding Loan Agreement.

(f) Fiscal Agent has complied with the provisions of law which are prerequisites to the consummation of the transactions on the part of Fiscal Agent described or contemplated in the Financing Documents.

(g) No approval, permit, consent, authorization or order of any court, governmental agency or public board or body not already obtained is required to be obtained by Fiscal Agent as a prerequisite to (i) the execution and delivery of this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party, (ii) the authentication or delivery of the Governmental Note, (iii) the performance by Fiscal Agent of its obligations under this Project Loan Agreement and the other Financing Documents to which it is a party, or (iv) the consummation of the transactions contemplated by this Project Loan Agreement and the other Financing Documents to which Fiscal Agent is a party. Fiscal Agent makes no representation or warranty relating to compliance with any federal or state securities laws.

Section 2.04. Arbitrage and Rebate Fund Calculations. Borrower shall (a) take or cause to be taken all actions necessary or appropriate in order to fully and timely comply with Section 4.12 of the Funding Loan Agreement, and (b) if required to do so under Section 4.10 of the Funding Loan Agreement, select at Borrower's expense, a Rebate Analyst reasonably acceptable to Governmental Lender for the purpose of making any and all calculations required under Section 4.10 of the Funding Loan Agreement. Such calculations, if required, shall be made in the manner and at such times as specified in Section 4.10 of the Funding Loan Agreement. Borrower shall cause the Rebate Analyst to provide such calculations to Fiscal Agent and Governmental Lender at such times and with such directions as are necessary to comply fully with the arbitrage and rebate requirements set forth in the Funding Loan Agreement and to comply fully with Section 148 of the Code, including the timely payment of any arbitrage rebate owed.

Section 2.05. Tax Covenants of Borrower. Borrower covenants and agrees that:

(a) It will at all times comply with the terms of the TEL Regulatory Agreement.

(b) It is the intention of the parties hereto that interest on the Governmental Note shall be and remain excludable from gross income for federal income tax purposes, and, to that end, the covenants and agreements of the Borrower in this Section are for the benefit of the Fiscal Agent on behalf of and for each and every holder of the Governmental Note.

(b) The Borrower covenants and agrees that it will not knowingly use or permit the use of any of the funds provided by the Governmental Lender hereunder or knowingly use or invest or permit the use or investment of any other funds of the Borrower directly or indirectly, or direct the Fiscal Agent to invest any funds held by it hereunder or under the Funding Loan Agreement or otherwise, in such manner as would cause the Governmental Note to be an "arbitrage bond" within the meaning of Section 148 of the Code, a "hedge bond" within the meaning of Section 149 of the Code, or "federally guaranteed" within the

meaning of Section 149(b) of the Code and applicable regulations promulgated from time to time thereunder. The Borrower covenants and agrees that neither it, nor any "related person" (as defined in Section 147(a)(2) of the Code) will enter into any arrangement, formal or informal, for the purchase of Governmental Note. The Borrower covenants and agrees that it will observe and not violate the requirements of Section 148 of the Code and any such applicable regulations which, in the opinion of Bond Counsel, are applicable to the Borrower or to the Governmental Note.

(c) In the event that at any time the Borrower is in receipt of an opinion of Bond Counsel to the effect that for purposes of this Section or the Funding Loan Agreement it is necessary to further restrict or limit the Yield on the investment of any money held by the Fiscal Agent under the Funding Loan Agreement beyond those situations and periods outlined in this Agreement or the Governmental Lender's Certificate as to Tax Exemption dated the Delivery Date, the Borrower shall notify the Fiscal Agent in writing of the limitations which, in the opinion of Bond Counsel, apply to the investment of such funds and instruct the Fiscal Agent to comply with these limitations.

(d) As additional consideration for the purchase of the Governmental Note by the purchaser thereof and the loan of the money represented thereby, and in order to induce such purchase by measures designed to insure the excludability from gross income of the interest thereon for federal income tax purposes, the Borrower shall deliver to the Fiscal Agent, within 25 days after each Computation Date,

(i) a statement, signed by the Rebate Analyst stating the applicable portion of the Rebate Amount as of such Computation Date which must be paid over to the United States of America under Section 148(f) of the Code taking into account all Gross Proceeds of the Governmental Note, and

(ii) if required, an Internal Revenue Service Form 8038-T completed as of such Computation Date and such other Internal Revenue Service forms or other statements or forms required by the Code, Regulations, or other administrative rule, procedure, announcement, or guidelines.

(e) If the Borrower shall discover or be notified as of any date that any payment made to the United States Treasury pursuant to Section 4.10 of the Funding Loan Agreement shall have failed to satisfy any requirement of the Regulations (whether or not such failure shall be due to any default by the Borrower, the Governmental Lender, or the Fiscal Agent), the Borrower shall (i) deliver to the Fiscal Agent a brief written explanation of such failure and any basis for concluding that such failure was innocent and (ii) pay to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States Treasury from the Rebate Fund, within 60 days after such discovery or notice, the "correction amount" in respect thereof specified in Regulation Section 1.148-3(h) together with the explanation described in the immediately preceding clause (i) and the other documents required by Section 4.10 of the Funding Loan Agreement to accompany such payment from the Rebate Fund.

(f) The Borrower shall retain as part of the official transcript all of its accounting records relating to the funds held under the Funding Loan Agreement and the Rebate Fund and all calculations made in preparing the statements described in this Section for at least six years after the final payment of the Governmental Note, whether by reason of maturity or prior redemption.

(g) The Borrower shall not knowingly use or permit the use of any proceeds of the Governmental Note or any funds of the Borrower, directly or indirectly, in any manner, and shall not knowingly take or permit to be taken any other action or actions, which would conflict with the covenants contained herein or in the TEL Regulatory Agreement. The Borrower acknowledges that such covenants are designed for the purpose of ensuring that the Governmental Note is treated as an obligation described in Section 103(a) of the Code.

(h) Notwithstanding any provisions of this Section, if the Borrower shall provide to the Fiscal Agent and the Governmental Lender an opinion of Bond Counsel that any specified action required under this Section or Sections 4.10 and 5.07 of the Funding Loan Agreement is no longer required or that some further or different action is required to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Governmental Note, the Fiscal Agent, the Governmental Lender and the Borrower may conclusively rely on such opinion in complying with the requirements of this Section and Sections 4.10 and 5.07 of the Funding Loan Agreement and be protected in so doing, and the covenants hereunder shall be deemed to be modified to that extent.

(i) The Governmental Lender covenants and agrees that it has not taken and will not take, or permit to be taken by parties within its control, and the Borrower covenants and agrees that it has not taken or permitted to be taken and will not take or permit to be taken, any action which will cause the interest on the Governmental Note to become includable in gross income for purposes of federal income taxation pursuant to the provisions of Section 103(a) of the Code, provided that neither the Borrower nor the Governmental Lender shall have violated these covenants if the interest on the Governmental Note issued in accordance with Section 103 of the Code becomes includable in gross income for purposes of federal income taxation to a person solely because such person is a “substantial user” of the Project or a “related person” within the meaning of Section 147(a) of the Code.

(j) The Borrower hereby covenants that the Project and each unit thereof constitute and will constitute a qualified residential rental project, as defined in Section 142(d) of the Code and the regulations thereunder, and that each residential unit in the Project (other than a reasonable number of units for resident manager or other administrative use) will be rented or available for rental on a continual basis to members of the general public for the period required by said Section. The Project consists of one or more proximate buildings or structures containing one or more similarly constructed accommodations containing separate and complete facilities for living, sleeping, eating, cooking and sanitation which are to be used on other than a transient basis and facilities which are functionally related and subordinate to such accommodations. The Borrower and the Governmental Lender each hereby elect to apply the requirements of Section 142(d)(1)(B) to the Project. Commencing on the date twelve months after the date of

issuance of the Bonds and continuing throughout the remainder of the Qualified Project Period, the Borrower represents, covenants and agrees that no less than 40% of the total number of units of the Project shall be, at all times, rented to and occupied by Low Income Tenants.

(k) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the rehabilitation, operation and management of the Project.

(l) The Borrower further covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions hereof and of the TEL Regulatory Agreement and that, in any event, the requirements of this Agreement and the TEL Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

(m) The Borrower further covenants that it will not allow any proceeds of the Governmental Note to be used to provide any airplane, skybox or other private luxury box, health club facility, facility primarily used for gambling or facilities the primary purpose of which is the sale of alcoholic beverages for consumption off premises.

(n) The Borrower covenants and agrees not to allow the amount of Gross Proceeds invested during any Bond Year in Nonpurpose Investments with a Yield in excess of the Yield on the Governmental Note to exceed the amounts deposited in any other reserves required to be deposited or otherwise set aside by the Borrower to the extent that such amounts exceed 10% of the proceeds of the Governmental Note; and provided, further, that amounts invested in the Loan Payment Fund or for an initial temporary period until needed for the governmental purpose of the Governmental Note shall at no time be considered subject to such restriction.

(o) The Borrower covenants and agrees that with regard to the Loan Payment Fund (i) such fund was depleted at least once a year, except possibly for a carryover amount not to exceed the greater of the previous Bond Year's earnings on the Loan Payment Fund or one-twelfth of the previous Bond Year's debt service requirements on the Bonds; (ii) all amounts deposited to such fund were spent within 13 months of deposit; and (iii) all amounts received from investment of such fund were deposited therein and will be expended within twelve months of receipt.

(p) As of the Delivery Date, the Borrower is in compliance with all requirements pertaining to the Borrower set forth in the Governmental Lender's Certificate as to Tax Exemption. The Borrower has complied and will comply with all the terms and conditions of the Borrower's Tax Letter of Representation executed by the Borrower, including the terms and conditions of the exhibits thereto, and the representations set forth in the Borrower's Tax Letter of Representation executed by the Borrower pertaining to the Borrower and the Project are true and accurate.

(q) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Governmental Note and to assure compliance with the Act and certain additional requirements of the Governmental Lender, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Governmental Note, execute and deliver the TEL Regulatory Agreement and shall cause such TEL Regulatory Agreement to be recorded immediately. The Borrower shall comply with each and every term of the TEL Regulatory Agreement, and the Borrower hereby acknowledges that a default under the TEL Regulatory Agreement which is not cured within the time permitted therefor will constitute an Event of Default hereunder. The Borrower agrees to cause any amendments to the TEL Regulatory Agreement to be recorded in the appropriate official public records.

(r) Within two years of the date of issuance of the Governmental Note, the Borrower shall have expended for rehabilitation expenditures an amount equal to or exceeding 15% of the cost of acquiring each building and the equipment with respect to the Project which was paid from the net proceeds of the Governmental Note within the meaning of Section 147(d)(3) of the Code.

ARTICLE III

THE PROJECT LOAN

Section 3.01. Conditions to Funding the Project Loan. On the Delivery Date, Governmental Lender shall cause the proceeds of the Funding Loan to be deposited with the Fiscal Agent in accordance with the Indenture. Fiscal Agent shall use such proceeds as provided in Article II of the Funding Loan Agreement to make the Project Loan on behalf of Governmental Lender, *provided* that no such disbursements of proceeds shall be made until the following conditions have been met:

(a) Borrower shall have executed and delivered to Fiscal Agent the Project Note.

(b) The Security Instrument and the Assignment, with only such changes therein as shall be approved in writing by Funding Lender Representative, shall have been executed and delivered by Borrower and Governmental Lender, respectively, and delivered to Title Company for recording in the appropriate office for recording real estate documents in the county in which the Project is located (the “Recorder’s Office”).

(c) The TEL Regulatory Agreement shall have been executed and delivered by the parties thereto and shall have been delivered to Title Company for recording in the Recorder’s Office, and Fiscal Agent shall have received written certification of the Borrower confirming such delivery.

(d) All other documents specifically listed in the definition of Financing Documents not listed above shall have been executed and delivered by all parties thereto

and delivered to Fiscal Agent, which condition shall be deemed met upon Fiscal Agent's receipt of such opinion.

(e) Borrower shall have delivered to Fiscal Agent, Governmental Lender, Funding Lender Representative and Loan Servicer a certificate confirming, as of the Delivery Date, the matters set forth in Section 2.02 hereof and an opinion of its counsel or other counsel satisfactory to Governmental Lender, Bond Counsel, Funding Lender Representative, Freddie Mac and Loan Servicer, which condition shall be deemed met upon Fiscal Agent's receipt of such opinion.

Section 3.02. Terms of the Project Loan; Servicing. (a) The Project Loan shall (i) be evidenced by the Project Note; (ii) be secured by the Security Instrument; (iii) be in the original principal amount of \$[_____]; (iv) bear interest as provided in the Project Note; (v) provide for principal and interest payments in accordance with the Project Note; and (vi) be subject to optional and mandatory prepayment at the times, in the manner and on the terms, and have such other terms and provisions, as provided herein and in the Project Note.

(b) Funding Lender Representative may appoint a Loan Servicer to service the Loans for all or a portion of the term of the Loans. The initial Loan Servicer of the Loans is Wells Fargo Bank, National Association who shall service the Loans pursuant to the terms of the Freddie Mac Commitment and the Guide. Funding Lender Representative may remove a Loan Servicer or appoint a replacement Loan Servicer, in its discretion, by written notice provided to Governmental Lender, Fiscal Agent and Borrower. Any successor Loan Servicer shall signify its acceptance of the duties and obligations imposed upon it by the Funding Loan Agreement and this Project Loan Agreement by executing such instrument(s) as shall be acceptable to Funding Lender Representative, a copy of which shall be provided to the parties hereto.

(c) During any period that Loan Servicer services the Loans, Borrower shall make all payments in connection with the Project Loan to Loan Servicer, and Loan Servicer will:

(i) Retain the allocable portion of the monthly Servicing Fee for its own account;

(ii) Remit to Funding Lender all payments of principal of, Prepayment Premium, if any, and interest due with respect to the Funding Loan, together with any other amounts due to Funding Lender;

(iii) Remit to Fiscal Agent the Fiscal Agent's Ordinary Fees and Expenses, together with any other amounts due to Fiscal Agent; and

(iv) Remit to Governmental Lender the Governmental Lender Fee, together with any other amounts due to Governmental Lender.

During any period in which there is no Loan Servicer, all notices to be sent to Loan Servicer shall be sent to Funding Lender Representative (to the extent not already provided) and all amounts to be paid to Loan Servicer by Borrower shall be paid directly to Fiscal Agent (unless otherwise directed by Funding Lender Representative).

(d) Governmental Lender, Fiscal Agent and Borrower hereby acknowledge and agree that:

(i) Funding Lender Representative has appointed Loan Servicer to service and administer the Project Loan.

(ii) The selection or removal of any Loan Servicer is in the sole and absolute discretion of Funding Lender Representative.

(iii) None of Governmental Lender, Fiscal Agent or Borrower shall terminate or attempt to terminate any Loan Servicer as Loan Servicer for the Project Loan or appoint or attempt to appoint a substitute Loan Servicer for the Project Loan.

(iv) The Guide is subject to amendment without the consent of Fiscal Agent, Governmental Lender or Borrower.

(v) None of Fiscal Agent, Governmental Lender or Borrower shall have any rights under, or be a third-party beneficiary of, the Guide.

Section 3.03. Initial Deposits. On the Delivery Date, the proceeds of the Funding Loan shall be deposited in the Permanent Loan Purchase Fund as established in the Indenture. On the Delivery Date, Borrower will deposit with the title company the sum of \$[_____]. Subject to the conditions listed in Section 3.01 hereof, a portion of the amounts on deposit in the Collateral Fund, as established in the Indenture, along with amounts held by the title company, are to be disbursed to pay in full the Mortgage Loan (as defined in the Indenture) in accordance with the Indenture or otherwise as provided in Section 2.11 of the Funding Loan Agreement.

Section 3.04. Pledge and Assignment to Fiscal Agent. The parties hereto acknowledge, and Borrower consents to, the pledge and assignment by Governmental Lender to Fiscal Agent pursuant to the Funding Loan Agreement of all of Governmental Lender's right, title and interest in this Project Loan Agreement (excluding the Unassigned Rights), the Project Loan, the Project Note, the Security Instrument, the other Project Loan Documents and the Revenues as security for the payment of the principal of, Prepayment Premium, if any, and interest on the Governmental Note and the payment of any other amounts due under the Financing Documents.

Section 3.05. Investment of Funds. Except as otherwise provided in the Funding Loan Agreement, any money held as a part of any fund or account established under the Funding Loan Agreement shall be invested or reinvested by Fiscal Agent in Qualified Investments in accordance with Section 4.07 of the Funding Loan Agreement.

Section 3.06. Damage; Destruction and Eminent Domain. If, prior to payment in full of the Project Loan, the Project or any portion thereof is destroyed or damaged in whole or in part by fire or other casualty, or title to, or the temporary use of, the Project or any portion thereof shall have been taken by the exercise of the power of eminent domain, and Governmental Lender, Borrower, Fiscal Agent or Loan Servicer receives Net Proceeds from insurance or any condemnation award in connection therewith, such Net Proceeds shall be utilized as provided in the Project Loan Documents and the Funding Loan Agreement.

Section 3.07. Enforcement of Financing Documents. Fiscal Agent or Funding Lender Representative may enforce and take all reasonable steps, actions and proceedings necessary for the enforcement of all terms, covenants and conditions of the Funding Loan Agreement and the other Financing Documents as and to the extent set forth herein and therein.

ARTICLE IV

LOAN PAYMENTS

Section 4.01. Payments Under the Project Note; Independent Obligation of Borrower.

(a) *Payment Obligations.* Borrower agrees to repay the Project Loan on each Project Loan Payment Date as provided in the Project Note, and in all instances at the times and in the amounts necessary to enable Fiscal Agent, on behalf of Governmental Lender, or Loan Servicer, to pay all amounts payable with respect to the Funding Loan, when due, whether at maturity or upon prepayment (with Prepayment Premium, if applicable), acceleration or otherwise. To ensure such timely payment, Loan Servicer shall collect from Borrower, and Borrower shall provide to Loan Servicer the foregoing payments not less than two (2) Business Days prior to each respective Project Loan Payment Date.

The obligation of Borrower to make the payments set forth in this Article IV shall be an independent obligation of Borrower, separate from its obligation to make payments under the Project Note, *provided* that in all events payments made by Borrower under and pursuant to the Project Note shall be credited against Borrower's obligations hereunder on a dollar-for-dollar basis. If for any reason the Project Note or any provision of the Project Note shall be held invalid or unenforceable against Borrower by any court of competent jurisdiction, the Project Note or such provision of the Project Note shall be deemed to be the obligation of Borrower pursuant to this Project Loan Agreement to the full extent permitted by law and such holding shall not invalidate or render unenforceable any of the provisions of this Article IV and shall not serve to discharge any of Borrower's payment obligations hereunder or eliminate the credit against such obligations to the extent of payments made under the Project Note.

(b) *Obligations Unconditional; No Set-Off.* The obligation of Borrower to repay the Project Loan, to perform all of its obligations under the Project Loan Documents, to provide indemnification pursuant to Section 6.01 hereof, to pay costs, expenses and charges pursuant to Section 4.02 hereof and to make any and all other payments required by this Project Loan Agreement, the Funding Loan Agreement or any other documents contemplated by this Project Loan Agreement or by the Project Loan Documents shall, subject to the limitations set forth in Section 4.06 hereof, be absolute and unconditional, and shall be paid or performed without notice or demand, and without abatement, deduction, set-off, counterclaim, recoupment or defense or any right of termination or cancellation arising from any circumstance whatsoever, whether now existing or hereafter arising, and irrespective of whether Borrower's title to the Project or to any part thereof is defective or nonexistent, and notwithstanding any damage due to loss, theft or destruction of the Project or any part thereof, any failure of consideration or frustration of commercial purpose, the taking by eminent domain of title to or of the right of temporary use of all or any part of the Project, legal curtailment of Borrower's use thereof, the eviction or constructive eviction of Borrower, any change in the tax or other laws of the United States of

America, the Property Jurisdiction or any political subdivision thereof, any change in Governmental Lender's legal organization or status, or any default of Governmental Lender or Fiscal Agent hereunder or under any other Financing Document, and regardless of the invalidity of any action of Governmental Lender or the invalidity of any portion of this Project Loan Agreement.

(c) *Payments from Borrower to Fiscal Agent or Loan Servicer.* Each payment by Borrower hereunder or under the Project Note shall be made in immediately available funds to Loan Servicer on each Project Loan Payment Date or such other date when such payment is due; *provided, however,* such Project Loan Payment shall be made directly to Fiscal Agent if there is no Loan Servicer or if Borrower is so directed in writing by Funding Lender Representative. Each such payment shall be made to Fiscal Agent or Loan Servicer, as applicable, by deposit to such account as Fiscal Agent or Loan Servicer may designate by written notice to Borrower. Whenever any Project Loan Payment or any other payment under this Project Loan Agreement or under the Project Note shall be stated to be due on a day that is not a Business Day, such payment shall be made on the first Business Day immediately thereafter.

Section 4.02. Additional Payments Under the Project Note and Project Loan Agreement.

(a) In addition to the payments set forth in Section 4.01 hereof, payments to be made by Borrower under the Project Note include certain money to be paid in respect of, among other things, the Fee Component, the Servicing Fee, and amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents, as set forth in subsection (b) of this Section 4.02. To the extent that any portion of the Fee Component, the Servicing Fee, or amounts required to be deposited pursuant to the Continuing Covenant Agreement and the other Project Loan Documents remain due and owing at any time, such amounts remaining due and owing shall be payable from money on deposit in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement or from other money of Borrower, to the extent that money in the Administration Fund is insufficient for such purposes. All other fees and expenses shall be payable from money of Borrower as provided in subsection (b) of this Section 4.02.

(b) In addition to the funding of the initial deposits required of Borrower described in Section 3.03, Borrower shall pay (or cause to be paid by Loan Servicer or Fiscal Agent (to the extent paid from money on deposit in the Administration Fund), in consideration of the funding of the Project Loan, the following fees, expenses and other money payable in connection with the Loans:

(i) Reserved.

(ii) On the Delivery Date, from money of Borrower, to Freddie Mac, all third party and out-of-pocket expenses of Freddie Mac (including but not limited to the fees and expenses of counsel to Freddie Mac) in connection with the Loans.

(iii) Reserved.

(iv) On the Delivery Date, from money of Borrower, to Loan Servicer, its commitment fees and application fees, together with all third party and out-of-pocket

expenses of Loan Servicer (including but not limited to the fees and expenses of counsel to Loan Servicer, if any) in connection with the Loans.

(v) Reserved.

(vi) To Fiscal Agent, the Fiscal Agent's Ordinary Fees and Expenses and the Fiscal Agent's Extraordinary Fees and Expenses when due from time to time, including, but not limited to, on the Delivery Date.

(vii) To Governmental Lender, the Governmental Lender Fee when due and any extraordinary expenses not covered by the Governmental Lender Fee that Governmental Lender may incur in connection with the Financing Documents or the Project from time to time.

(viii) To the Rebate Analyst, the reasonable fees and expenses of such Rebate Analyst in connection with the computations relating to arbitrage rebate required under the Funding Loan Agreement and this Project Loan Agreement when due from time to time.

(ix) To Funding Lender Representative, any amount due and owing to Funding Lender Representative from time to time but unpaid under the Continuing Covenant Agreement.

(x) To Loan Servicer, the amount of any portion of the Servicing Fee remaining unpaid and any fees, costs and expenses of Loan Servicer as provided in the Continuing Covenant Agreement.

(xi) To Loan Servicer, the amounts required to be deposited in respect of reserves and impositions required under the Continuing Covenant Agreement and the other Project Loan Documents.

(xii) If Fiscal Agent is collecting and remitting loan payments under the Funding Loan Agreement, to Fiscal Agent, within two (2) Business Days of receipt from Fiscal Agent of a notice of deficiency in the Administration Fund as provided in Section 4.06 of the Funding Loan Agreement, the amount of any such deficiency in the Administration Fund.

Section 4.03. Payments to Rebate Fund. Borrower shall pay when due to Fiscal Agent at the Principal Office of Fiscal Agent any amount required to be deposited in the Rebate Fund in accordance with Section 4.10 of the Funding Loan Agreement.

Section 4.04. Prepayment.

(a) *Optional Prepayment of the Project Loan.* Borrower shall have the option to prepay the Project Loan in whole, together with all accrued and unpaid interest thereon, as provided in the Project Note.

(b) *Mandatory Prepayment of the Project Loan.* Borrower shall be required to prepay all or a portion of the outstanding principal balance of the Project Loan, together with accrued

interest thereon, and together with any Prepayment Premium due under the Project Note, as provided in the Project Note.

(c) *Defeasance of the Funding Loan.* In addition, prior to the Window Period, Borrower may cause a defeasance of the Funding Loan resulting in a release of the Pledged Security by satisfying the conditions set forth hereunder and in Article IX of the Funding Loan Agreement. In connection therewith, Borrower will give written notice (a “*Defeasance Notice*”) to Funding Lender Representative, Loan Servicer, Governmental Lender and Fiscal Agent of the date Borrower desires to defease the Funding Loan (the “*Defeasance Date*”). The Defeasance Date may not be more than 60 calendar days, nor less than 30 calendar days, after the delivery of the Defeasance Notice. In connection with the delivery of the Defeasance Notice, Borrower shall cause to be paid to Funding Lender Representative the Defeasance Fee set forth in the Continuing Covenant Agreement. In addition to, and not in limitation of any other provisions of this Project Loan Agreement, Borrower shall pay all fees, costs and expenses in connection with any defeasance whether or not such defeasance occurs. Following such defeasance in accordance with the terms and conditions hereof and the Funding Loan Agreement, the Project Loan shall be deemed paid in full, and Borrower shall be entitled to the release of the Security Instrument, the Pledged Security and other security provided by it for the Project Loan, subject to the terms and conditions hereof and the other Financing Documents.

Section 4.05. Borrower’s Obligations Upon Prepayment. In the event of any prepayment, Borrower will timely pay, or cause to be paid through Loan Servicer, an amount equal to the principal amount of the Funding Loan or portion thereof called for prepayment, together with interest accrued to the prepayment date and Prepayment Premium, if any. In addition, Borrower will timely pay all fees, costs and expenses associated with any prepayment of the Funding Loan.

Section 4.06. Limits on Personal Liability. (a) Except as otherwise set forth in Section 14 of the Project Note and subsection 4.06(b) below, the obligations of Borrower under this Project Loan Agreement and the other Financing Documents are non-recourse liabilities of Borrower which shall be enforced only against the Project and other property of Borrower encumbered by the Financing Documents and not personally against Borrower or any partner of Borrower or any successor or assign of Borrower. However, nothing in this Section 4.06 shall limit the right of Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to proceed against Borrower to recover any fees owing to any of them or any actual out-of-pocket expenses (including but not limited to actual out-of-pocket attorneys’ fees incurred by any of them) incurred by any of them in connection with the enforcement of any rights under this Project Loan Agreement or the other Financing Documents. Nothing in this Section 4.06 shall limit any right that Loan Servicer or Funding Lender Representative may have to enforce the Project Note, the Security Instrument, or any other Financing Document in accordance with their terms.

(b) Notwithstanding anything contained in any other provision of this Project Loan Agreement to the contrary (but subject to the provisions of Section 7.06 hereof), the following obligations of Borrower shall be and remain the joint and several full recourse obligations of Borrower and Borrower’s general partner:

(i) Borrower’s obligations to Governmental Lender and Fiscal Agent under subsections (b)(iii), (b)(v), (b)(vi), and (b)(vii) of Section 4.02 hereof.

(ii) Borrower's obligations under Sections 2.05 and 6.01 of this Project Loan Agreement.

(iii) Borrower's obligation to pay any and all rebate amounts that may be or become owing with respect to the Funding Loan and fees and expenses of the Rebate Analyst as provided in Sections 2.04, 4.02(b)(viii), and 4.03 of this Project Loan Agreement.

(iv) Borrower's obligation to pay legal fees and expenses under Section 7.04 hereof.

ARTICLE V

SPECIAL COVENANTS OF BORROWER

Section 5.01. Performance of Obligations. Borrower shall keep and faithfully perform all of its covenants and undertakings contained herein and in the Financing Documents, including, without limitation, its obligations to make all payments set forth herein and therein in the amounts, at the times and in the manner set forth herein and therein.

Section 5.02. Compliance with Applicable Laws. All work performed in connection with the Project shall be performed in strict compliance with all applicable federal, state, county and municipal laws, ordinances, rules and regulations now in force or that may be enacted hereafter.

Section 5.03. Funding Loan Agreement Provisions. The execution of this Project Loan Agreement shall constitute conclusive evidence of approval of the Funding Loan Agreement by Borrower. Whenever the Funding Loan Agreement by its terms imposes a duty or obligation upon Borrower, such duty or obligation shall be binding upon Borrower to the same extent as if Borrower were an express party to the Funding Loan Agreement, and Borrower shall carry out and perform all of its obligations under the Funding Loan Agreement as fully as if Borrower were a party to the Funding Loan Agreement.

Section 5.04. Borrower to Maintain Its Existence; Certification of No Default.
(a) Borrower agrees to maintain its existence and maintain its current legal status with authority to own and operate the Project.

(b) In addition to performing all other similar requirements under the Financing Documents to which Borrower is a party, Borrower shall, within 30 days after the end of each calendar year, render to Fiscal Agent a certificate executed by an Authorized Officer of Borrower to the effect that Borrower is not, as of the date of such certificate, in default of any of its covenants, agreements, representations or warranties under any of the Financing Documents to which Borrower is a party and that, to the best of Borrower's knowledge, after reasonable investigation, there has occurred no default or Event of Default (as such terms are defined in each respective Financing Document) under any of the Financing Documents.

Section 5.05. Borrower to Remain Qualified in Property Jurisdiction and Appoint Agent. Borrower will remain duly qualified to transact business in the Property Jurisdiction and will

maintain an agent in the Property Jurisdiction on whom service of process may be made in connection with any actions against Borrower.

Section 5.06. Sale or Other Transfer of Project. Borrower may convey and transfer the Project only upon strict compliance with the provisions of the Financing Documents, and upon receipt of the prior written consent of Governmental Lender and Funding Lender Representative.

Section 5.07. Right to Perform Borrower's Obligations. In the event Borrower fails to perform any of its obligations under this Project Loan Agreement, Governmental Lender, Fiscal Agent, Loan Servicer and/or Funding Lender Representative, after giving requisite notice, if any, and subject to Section 5.05 of the Funding Loan Agreement, may, but shall be under no obligation to, perform such obligation and pay all costs related thereto, and all such costs so advanced shall become an additional obligation of Borrower hereunder, payable on demand and if not paid on demand with interest thereon at the default rate of interest payable under the Project Loan Documents.

Section 5.08. Notice of Certain Events. Borrower shall promptly advise Governmental Lender, Fiscal Agent, Funding Lender Representative and Loan Servicer in writing of the occurrence of any Event of Default hereunder or any event which, with the passage of time or service of notice or both, would constitute an Event of Default, specifying the nature and period of existence of such event and the actions being taken or proposed to be taken with respect thereto.

Section 5.09. Survival of Covenants. The provisions of Sections 2.04, 2.05, 4.02, 4.03, 6.01 and 7.04 hereof shall survive the expiration or earlier termination of this Project Loan Agreement and, with regard to Fiscal Agent, the resignation or removal of Fiscal Agent.

Section 5.10. Access to Project; Records. Subject to reasonable notice and the rights of tenants at the Project, Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, and the respective duly authorized agents of each, shall have the right (but not any duty or obligation) at all reasonable times and during normal business hours to do any of the following:

(a) Enter the Project and any other location containing the records relating to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.

(b) Inspect and audit any and all of Borrower's records or accounts pertaining to Borrower, the Project, the Loans and Borrower's compliance with the terms and conditions of the Financing Documents.

(c) Require Borrower, at Borrower's sole expense, (i) to furnish such documents to Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, as Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative, as the case may be, from time to time, deems reasonably necessary in order to determine that the provisions of the Financing Documents have been complied with and (ii) to make copies of any records that Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative or the respective duly authorized agents of each, may reasonably require.

Borrower shall make available to Governmental Lender, Fiscal Agent, Loan Servicer and Funding Lender Representative, such information concerning the Project, the Security Instrument and the Financing Documents as any of them may reasonably request.

Section 5.11. TEL Regulatory Agreement. The covenants of Borrower in the TEL Regulatory Agreement shall be deemed to constitute covenants of Borrower running with the land and an equitable servitude for the benefit of Governmental Lender and Funding Lender and shall be binding upon any owners of the Project until such time as such restrictions expire as provided in the TEL Regulatory Agreement. Borrower covenants to file of record the TEL Regulatory Agreement and such other documents, and to take such other steps as are necessary in order to assure that the restrictions contained in the TEL Regulatory Agreement will, subject to the terms of the TEL Regulatory Agreement, be binding upon all owners of the Project. Borrower covenants to include such restrictions or a reference to such restrictions in any documents transferring any interest in the Project to another to the end that such transferee has notice of, and is bound by, the TEL Regulatory Agreement. Subject to the provisions of Section 7.06 of this Project Loan Agreement, Governmental Lender and Fiscal Agent shall have the right to seek specific performance of or injunctive relief to enforce the requirements of any covenants of Borrower contained in the TEL Regulatory Agreement.

Section 5.12. Damage, Destruction and Condemnation. If prior to payment in full of the Funding Loan (or provision for payment in full of the Funding Loan in accordance with the provisions of the Funding Loan Agreement) the Project or any portion of it is destroyed (in whole or in part) or is damaged by fire or other casualty, or title to, or the temporary use of, the Project or any portion of it shall be taken under the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, or shall be transferred pursuant to an agreement or settlement in lieu of eminent domain proceedings, Borrower shall nevertheless be obligated to continue to pay the amounts specified in this Project Loan Agreement and in the Project Note to the extent the Project Loan is not prepaid in full in accordance with the terms of the Project Loan Documents.

Section 5.13. Reserved.

Section 5.14. Filing of Financing Statements. Borrower shall file or record or cause to be filed or recorded on or prior to the Delivery Date all UCC financing statements which are required to be filed or recorded in order fully to protect and preserve the security interests relating to the priority of the Project Loan, the Funding Loan, the Pledged Security and the Security Instrument, and the rights and powers of Governmental Lender, Fiscal Agent and Funding Lender in connection with such security interests. Borrower shall cooperate with Fiscal Agent in connection with the filing of any continuation statements for the purpose of continuing without lapse the effectiveness of such financing statements; *provided, however*, that Fiscal Agent shall only file or record, or cause to be filed or recorded, those UCC continuation statements on which Fiscal Agent is named as a secured party or additional secured party for financing statements that have been delivered to Fiscal Agent, at Borrower's expense.

Section 5.15. Reporting Requirements of the Borrower; TDHCA Reports. The Borrower will furnish to the Governmental Lender and agencies of the State such periodic reports or statements as are required under the Act, or as such agencies may otherwise reasonably require of

the Governmental Lender or the Borrower throughout the term of this Project Loan Agreement. The Borrower shall comply with the requirements of Section 394.027(c) of the Act and the rules of the Texas Department of Housing and Community Affairs promulgated pursuant to Section 394.027 of the Act, as amended (the “*TDHCA Rules*”) and shall prepare and provide to the Governmental Lender (or at the Governmental Lender’s written request, to the Texas Department of Housing and Community Affairs) no later than July 15 of each year, beginning July 15, 20[___], a report in the form prescribed by the TDHCA Rules and which will include, with respect to each person residing in the Project, geographic and demographic information, including tenant incomes, household size and total household income and all other data required by the TDHCA Rules, as such rules may be amended or modified from time to time.

Section 5.16. Tenant Income Limits. In order to comply with Section 394.004 of the Act, the Borrower hereby agrees that at least ninety percent (90%) of the units in the Project are for use by or are intended to be occupied by households of low and moderate income whose adjusted gross income did not for the preceding tax year exceed the Maximum Household Income Limit, and the Borrower agrees to perform all acts necessary to comply with such section of the Act. In order to comply with Section 394.9025 of the Act, the Borrower hereby agrees that at least fifty percent (50%) of the units in the Project are for use or are intended to be occupied by families and individuals earning less than eighty percent (80%) of the Median Family Income.

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

Section 5.17. Qualified Tenants; Maximum Allowable Rents. During the Qualified Project Period (as such term is defined in the TEL Regulatory Agreement), in consideration for and as required by the reservation granted under Chapter 1372 of the Texas Government Code, as amended, the Borrower hereby represents, covenants and agrees that (a) eighty percent (80%) of the units in the Project shall be reserved for families and individuals earning not more than sixty percent (60%) of the Median Family Income and (b) the maximum rent charged by the Borrower for such units shall not exceed thirty percent (30%) of the income for a family whose income equals sixty percent (60%) of the Median Family Income, minus an allowance for utility costs determined by procedures authorized under the federal low-income housing tax credit program. The Borrower agrees that the provisions of this Section 5.17 shall remain in full force and effect for the Qualified Project Period.

Section 5.18. No Unconstitutional Use of Governmental Note Proceeds. The Borrower covenants that Governmental Note proceeds will not be used for any unconstitutional purposes, including payments made pursuant to unconstitutional diversity, equity and inclusion programs and including any such diversity, equity and inclusion programs established by local ordinances or policies. Such unconstitutional purposes include, without limitation, diversity, equity and inclusion provisions in Texas statutes that Texas Attorney General Opinion No. KP-0505 identifies as creating race-based and sex-based classifications in violation of the U.S. Constitution’s Equal Protection Clause and the Texas Constitution’s Equal Rights Amendment, including race-based and sex-based classifications in various historically underutilized business and disadvantaged business enterprise programs, including those contained in bond financing statutes or established

by local ordinances or policies. The Borrower acknowledges that the Governmental Lender will rely on this covenant in making a certification to the Texas Attorney General with respect to compliance with the foregoing requirements.

ARTICLE VI

INDEMNIFICATION

Section 6.01. Indemnification.

(a) *Indemnification of Governmental Lender and Sponsoring Political Subdivision.*

(i) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BORROWER COVENANTS AND AGREES TO PROTECT, INDEMNIFY AND SAVE GOVERNMENTAL LENDER, SPONSORING POLITICAL SUBDIVISION AND THEIR RESPECTIVE DIRECTORS, OFFICERS, OFFICIALS, AGENTS OR EMPLOYEES (EACH, A “GOVERNMENTAL LENDER INDEMNIFIED PARTY”) HARMLESS FROM AND AGAINST ALL LIABILITY, LOSSES, DAMAGES, COSTS, EXPENSES (INCLUDING ATTORNEYS’ FEES), TAXES, CAUSES OF ACTION, SUITS, CLAIMS, DEMANDS AND JUDGMENTS OF ANY NATURE OR FORM (THE “GOVERNMENTAL LENDER INDEMNITY LIABILITIES”), BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS PROJECT LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT INCLUDING WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, ARISING FROM (I) THE WORK DONE ON THE PROJECT OR THE OPERATION OF THE PROJECT DURING THE TERM OF THIS PROJECT LOAN AGREEMENT; (II) ANY BREACH OR DEFAULT ON THE PART OF BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS PROJECT LOAN AGREEMENT (OTHER THAN A FAILURE TO PAY THE PRINCIPAL OF, AND ANY INTEREST AND PREMIUM ON, THE PROJECT LOAN, THE FUNDING LOAN OR THE GOVERNMENTAL NOTE); (III) ANY CLAIM OR CAUSE OF ACTION AGAINST GOVERNMENTAL LENDER THAT SEEKS TO IMPOSE LIABILITY ON GOVERNMENTAL LENDER WITH RESPECT TO THE GOVERNMENTAL NOTE, THIS PROJECT LOAN AGREEMENT, THE TEL REGULATORY AGREEMENT OR THE FUNDING LOAN AGREEMENT WHICH EXCEEDS THE LIABILITY OF GOVERNMENTAL LENDER AS SET FORTH IN SECTION 8.14 HEREOF; (IV) THE PROJECT OR ANY PART THEREOF; (V) ANY VIOLATION OF ANY CONTRACT, AGREEMENT OR RESTRICTION RELATING TO THE PROJECT EXCLUDING THE PAYMENT OF THE PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL NOTE, THE FUNDING LOAN OR THE PROJECT LOAN; OR (VI) ANY LIABILITY, VIOLATION OF LAW, ORDINANCE OR REGULATION AFFECTING THE PROJECT OR ANY PART THEREOF OR THE OWNERSHIP OR OCCUPANCY OR USE THEREOF. UPON NOTICE FROM ANY GOVERNMENTAL LENDER INDEMNIFIED PARTY, BORROWER SHALL DEFEND GOVERNMENTAL LENDER INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE, AND PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO GOVERNMENTAL LENDER; PROVIDED, HOWEVER, THAT GOVERNMENTAL LENDER SHALL HAVE THE ABSOLUTE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF BORROWER;

(ii) IT IS THE INTENTION OF THE PARTIES HERETO THAT GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS PROJECT LOAN AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF GOVERNMENTAL LENDER AND ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HEREUNDER IN CONNECTION WITH THE ISSUANCE OF THE GOVERNMENTAL NOTE, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT,

THIS PROJECT LOAN AGREEMENT, THE TEL REGULATORY AGREEMENT, THE TAX CERTIFICATES, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF GOVERNMENTAL LENDER INDEMNIFIED PARTIES, BY THIS PROJECT LOAN AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF GOVERNMENTAL LENDER INDEMNIFIED PARTIES BY BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS PROJECT LOAN AGREEMENT IS A PART OR ARISING IN ANY MANNER IN CONNECTION WITH THE PROJECT OR THE FINANCING OF THE PROJECT, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE FUNDING LOAN AGREEMENT, THIS PROJECT LOAN AGREEMENT, THE TEL REGULATORY AGREEMENT, THE TAX CERTIFICATES, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION. NEVERTHELESS, IF GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHOULD INCUR ANY SUCH PECUNIARY LIABILITY WITH RESPECT TO EVENTS OCCURRING AFTER THE DATE HEREOF, THEN IN SUCH EVENT BORROWER SHALL INDEMNIFY AND HOLD GOVERNMENTAL LENDER INDEMNIFIED PARTIES HARMLESS AGAINST ALL CLAIMS BY OR ON BEHALF OF ANY PERSON, ARISING OUT OF THE SAME, AND ALL COSTS AND EXPENSES (INCLUDING WITHOUT LIMITATION FEES AND EXPENSES OF COUNSEL) INCURRED IN CONNECTION WITH ANY SUCH CLAIM OR IN CONNECTION WITH ANY ACTION OR PROCEEDING BROUGHT THEREON, AND UPON TIMELY NOTICE FROM GOVERNMENTAL LENDER, BORROWER SHALL DEFEND GOVERNMENTAL LENDER INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COUNSEL SATISFACTORY TO GOVERNMENTAL LENDER OR SPONSORING POLITICAL SUBDIVISION AND BORROWER SHALL PAY GOVERNMENTAL LENDER'S OR SPONSORING POLITICAL SUBDIVISION'S EXPENSES INCLUDING PAYMENT OF THE FEES AND EXPENSES OF THE COUNSEL USED BY GOVERNMENTAL LENDER OR SPONSORING POLITICAL SUBDIVISION; *PROVIDED, HOWEVER*, THAT GOVERNMENTAL LENDER OR SPONSORING POLITICAL SUBDIVISION SHALL HAVE THE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF BORROWER; AND

(iii) NOTWITHSTANDING ANY PROVISION OF THIS SECTION 6.01(A) TO THE CONTRARY, GOVERNMENTAL LENDER INDEMNIFIED PARTIES SHALL BE INDEMNIFIED BY BORROWER WITH RESPECT TO LIABILITIES ARISING FROM GOVERNMENTAL LENDER'S OR SPONSORING POLITICAL SUBDIVISION'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM GOVERNMENTAL LENDER'S OR SPONSORING POLITICAL SUBDIVISION'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

NOTWITHSTANDING ANYTHING ELSE IN THIS PROJECT LOAN AGREEMENT TO THE CONTRARY, EXCEPT FOR THE PROVISIONS OF SECTION 6.01(A)(III) AND SUBJECT TO THE PROVISIONS OF SECTION 7.06, BORROWER SHALL BE RESPONSIBLE FOR THE REASONABLE FEES, COSTS AND EXPENSES OF COUNSEL TO GOVERNMENTAL LENDER AT ALL TIMES; *PROVIDED THAT* GOVERNMENTAL LENDER MAINTAINS CONTROL OF THE SELECTION OF ITS COUNSEL AT ALL TIMES.

THIS INDEMNIFICATION COVENANT SHALL SURVIVE REPAYMENT OF THE PROJECT LOAN, THE FUNDING LOAN AND THE GOVERNMENTAL NOTE.

(b) *Indemnified Losses.* IN ADDITION TO ITS OTHER OBLIGATIONS HEREUNDER, AND IN ADDITION TO ANY AND ALL RIGHTS OF REIMBURSEMENT, INDEMNIFICATION, SUBROGATION AND

OTHER RIGHTS OF GOVERNMENTAL LENDER PURSUANT HERETO AND UNDER LAW OR EQUITY, INCLUDING, BUT NOT LIMITED TO, GOVERNMENTAL LENDER'S RIGHTS UNDER THE TEL REGULATORY AGREEMENT, TO THE FULLEST EXTENT PERMITTED BY LAW, BORROWER AGREES TO INDEMNIFY, HOLD HARMLESS AND DEFEND FISCAL AGENT, LOAN SERVICER, FUNDING LENDER AND EACH OF THEIR RESPECTIVE OFFICERS, GOVERNING COMMISSIONERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS (COLLECTIVELY, THE "*INDEMNIFIED PARTIES*"), AGAINST ANY AND ALL LOSSES, DAMAGES (INCLUDING, BUT NOT LIMITED TO, CONSEQUENTIAL AND PUNITIVE DAMAGES), CLAIMS, ACTIONS, LIABILITIES, COSTS AND EXPENSES OF ANY CONCEIVABLE NATURE, KIND OR CHARACTER (INCLUDING, WITHOUT LIMITATION, REASONABLE ATTORNEYS' FEES, LITIGATION AND COURT COSTS, AMOUNTS PAID IN SETTLEMENT AND AMOUNTS PAID TO DISCHARGE JUDGMENTS) TO WHICH INDEMNIFIED PARTIES, OR ANY OF THEM, MAY BECOME SUBJECT UNDER FEDERAL OR STATE SECURITIES LAWS OR ANY OTHER STATUTORY LAW OR AT COMMON LAW OR OTHERWISE (COLLECTIVELY, "*LOSSES*"), TO THE EXTENT ARISING, DIRECTLY OR INDIRECTLY, OUT OF OR BASED UPON OR IN ANY WAY RELATING TO ANY OF THE FOLLOWING:

(i) ANY BREACH BY BORROWER OF ITS OBLIGATIONS UNDER THE FINANCING DOCUMENTS OR THE EXECUTION, AMENDMENT, RESTRUCTURING OR ENFORCEMENT THEREOF, OR IN CONNECTION WITH TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING THE ISSUANCE, SALE, TRANSFER OR RESALE OF THE GOVERNMENTAL NOTE.

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

(iii) ANY ACCIDENT, INJURY TO, OR DEATH OF PERSONS OR LOSS OF OR DAMAGE TO PROPERTY OCCURRING IN, ON OR ABOUT THE PROJECT OR ANY PART THEREOF.

(iv) ANY LIEN (OTHER THAN LIENS PERMITTED UNDER THE CONTINUING COVENANT AGREEMENT) OR CHARGE UPON PAYMENTS BY BORROWER TO GOVERNMENTAL LENDER, FISCAL AGENT OR LOAN SERVICER HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON GOVERNMENTAL LENDER OR FISCAL AGENT IN RESPECT OF ANY PORTION OF THE PROJECT (OTHER THAN INCOME AND SIMILAR TAXES ON FEES RECEIVED OR EARNED IN CONNECTION THEREWITH).

(v) ANY VIOLATION OF ANY ENVIRONMENTAL LAW, RULE OR REGULATION WITH RESPECT TO, OR THE RELEASE OF ANY HAZARDOUS MATERIALS FROM, THE PROJECT OR ANY PART THEREOF.

(vi) THE ENFORCEMENT OF, OR ANY ACTION TAKEN BY GOVERNMENTAL LENDER, FISCAL AGENT OR FUNDING LENDER REPRESENTATIVE RELATED TO REMEDIES UNDER THIS PROJECT LOAN AGREEMENT, THE FUNDING LOAN AGREEMENT OR ANY OTHER FINANCING DOCUMENT.

(vii) ANY UNTRUE STATEMENT OF A MATERIAL FACT OR ALLEGED UNTRUE STATEMENT OF A MATERIAL FACT BY BORROWER CONTAINED IN ANY OFFERING STATEMENT OR DOCUMENT FOR THE GOVERNMENTAL NOTE OR ANY OF THE FINANCING DOCUMENTS TO WHICH BORROWER IS A PARTY, OR ANY OMISSION OR ALLEGED OMISSION BY BORROWER OF A MATERIAL FACT FROM ANY OFFERING STATEMENT OR DOCUMENT FOR THE GOVERNMENTAL NOTE NECESSARY TO BE STATED THEREIN IN ORDER TO MAKE THE STATEMENTS MADE THEREIN BY BORROWER, IN THE LIGHT OF THE CIRCUMSTANCES UNDER WHICH THEY WERE MADE, NOT MISLEADING.

(viii) ANY DECLARATION OF TAXABILITY OF INTEREST ON THE GOVERNMENTAL NOTE OR ALLEGATIONS (OR REGULATORY INQUIRY) THAT INTEREST ON THE GOVERNMENTAL NOTE IS INCLUDEABLE IN THE GROSS INCOME OF THE HOLDERS THEREOF FOR FEDERAL INCOME TAX PURPOSES.

(ix) ANY AUDIT OR INQUIRY BY THE INTERNAL REVENUE SERVICE WITH RESPECT TO THE PROJECT AND/OR THE TAX-EXEMPT STATUS OF THE GOVERNMENTAL NOTE.

(x) FISCAL AGENT'S ACCEPTANCE OR ADMINISTRATION OF THE TRUST OF THE FUNDING LOAN AGREEMENT, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES THEREUNDER OR UNDER ANY OF THE DOCUMENTS RELATING TO THE GOVERNMENTAL NOTE TO WHICH IT IS A PARTY; EXCEPT (A) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF FISCAL AGENT, OR ANY OF ITS RESPECTIVE OFFICERS, COMMISSIONERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH LOSSES ARE CAUSED BY THE NEGLIGENCE, UNLAWFUL ACTS OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY; OR (B) IN THE CASE OF THE FOREGOING INDEMNIFICATION OF LOAN SERVICER OR FUNDING LENDER OR ANY OF THEIR RESPECTIVE OFFICERS, COMMISSIONERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH LOSSES ARE CAUSED BY THE GROSS NEGLIGENCE OR WILLFUL MISCONDUCT OF SUCH INDEMNIFIED PARTY.

(c) *Procedures.* In the event that any action or proceeding is brought under subsection (b) hereof against any Indemnified Party with respect to which indemnity may be sought hereunder, Borrower, upon written notice from such Indemnified Party, shall assume the investigation and defense thereof, including the employment of counsel selected or approved by the Indemnified Party, and shall assume the payment of all expenses related thereto, with full power to litigate, compromise or settle the same in its sole discretion; *provided* that such Indemnified Party shall have the right to review and approve or disapprove any such compromise or settlement. Each Indemnified Party shall have the right to employ separate counsel in any such action or proceeding and to participate in the investigation and defense thereof. Borrower shall pay the reasonable fees and expenses of such separate counsel; *provided, however*, that such Indemnified Party may employ separate counsel at the expense of Borrower only if, in such Indemnified Party's good faith judgment, a conflict of interest exists by reason of common representation or if all parties commonly represented do not agree as to the action (or inaction) of counsel.

(d) *Borrower to Remain Obligated.* Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Project Loan Agreement, the Continuing

Covenant Agreement and the Regulatory Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer unless (i) such subsequent owner assumed in writing at the time of such transfer all obligations of Borrower under this Section 6.01 (including obligations under this Section 6.01 for Losses with respect to any claims based on actions or events occurring prior to the date of such transfer) and (ii) any such transfer is in compliance with the requirements of the Financing Documents.

(e) *Survival.* The provisions of this Section 6.01 shall survive the termination of this Project Loan Agreement.

Section 6.02. Limitation with Respect to Funding Lender. Notwithstanding anything in this Project Loan Agreement to the contrary, in the event that Funding Lender (or its nominee) shall become the owner of the Project as a result of a foreclosure or a deed in lieu of foreclosure, or comparable conversion of the Project Loan, Funding Lender (or its nominee) shall not be liable for any breach or default of any prior owner of the Project under this Project Loan Agreement and shall only be responsible for defaults and obligations incurred or occurring during the period that Funding Lender (or its nominee) is the owner of the Project. Accordingly, during any period that Funding Lender (or its nominee) owns the Project and that this Article VI is applicable to Funding Lender (or its nominee), Funding Lender's (or its nominee's) obligations under this Article VI shall be limited to acts and omissions of Funding Lender (or its nominee) occurring during the period of Funding Lender's (or its nominee's) ownership of the Project.

ARTICLE VII

EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default. The occurrence of any one or more of the following will constitute an Event of Default under this Project Loan Agreement:

(a) Any representation or warranty made by Borrower in the Financing Documents or any certificate, statement, data or information furnished by Borrower in connection therewith or included by Borrower in its application to Governmental Lender for assistance proves at any time to have been incorrect when made in any material respect.

(b) Failure by Borrower to pay any amounts due under this Project Loan Agreement or the Project Note at the times and in the amounts required by this Project Loan Agreement or the Project Note, as applicable.

(c) Borrower shall fail to observe or perform any other term, covenant, condition or agreement (after taking into account any applicable cure period) set forth in this Project Loan Agreement, which failure continues for a period of 30 days after notice of such failure by Governmental Lender, Fiscal Agent or Funding Lender Representative to Borrower (unless such default cannot with due diligence be cured within 30 days but can be cured within a reasonable period and will not, in Funding Lender Representative's sole discretion, adversely affect Funding Lender or result in impairment of this Project Loan Agreement or any other Financing Document, in which case no Event of Default shall be

deemed to exist so long as Borrower shall have commenced to cure the default or Event of Default within 30 days after receipt of notice, and thereafter diligently and continuously prosecutes such cure to completion); *provided, however*, no such notice or grace periods shall apply in the case of any such failure which could, in Funding Lender Representative's judgment, absent immediate exercise by Funding Lender Representative of a right or remedy under this Project Loan Agreement, result in harm to Funding Lender or impairment of this Project Loan Agreement or any other Financing Document.

(d) The occurrence of a default under the Continuing Covenant Agreement or the Security Instrument (after taking into account any applicable cure period thereunder) shall at the discretion of Funding Lender Representative constitute an Event of Default under this Project Loan Agreement but only if Fiscal Agent is provided written notice by Funding Lender Representative that an Event of Default has occurred under such Financing Document and Fiscal Agent is instructed by Funding Lender Representative that such default constitutes an Event of Default hereunder. The occurrence of an Event of Default hereunder shall in the discretion of Funding Lender Representative constitute a default under the other Financing Documents.

Nothing contained in this Section 7.01 is intended to amend or modify any of the provisions of the Financing Documents or to bind Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative to any notice and cure periods other than as expressly set forth in the Financing Documents. In addition, Governmental Lender agrees that any cure of any default under this Project Loan Agreement or any other Financing Document made or tendered by one or more limited partners of Borrower shall be deemed to be a cure by Borrower and shall be accepted or rejected on the same basis as if made or tendered by Borrower, but only to the extent the Borrower has an express cure right with respect to such default.

Section 7.02. Remedies on Default. Subject to Section 7.06 hereof, whenever any Event of Default hereunder shall have occurred and be continuing, Funding Lender (or Fiscal Agent at the written direction of Funding Lender), may take any one or more of the following remedial steps:

(a) Such action, without notice or demand, as Funding Lender deems advisable to protect and enforce its rights against Borrower and in and to the Project, including declaring the Project Loan to be immediately due and payable (including, without limitation, declaring the principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Project Note to be immediately due and payable).

(b) Without being required to give any notice (other than to Governmental Lender or Fiscal Agent, as applicable), except as provided herein, pursue all remedies of a creditor under the laws of the Property Jurisdiction, as supplemented and amended, or any other applicable laws.

(c) Whatever action at law or in equity may appear necessary or desirable to collect the payments under this Project Loan Agreement then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of Borrower under this Project Loan Agreement.

In addition, subject to Section 7.06 hereof, Governmental Lender and Fiscal Agent may pursue remedies with respect to the Unassigned Rights. Any amounts collected pursuant to Article IV hereof and any other amounts which would be applicable to payment of principal of, Prepayment Premium, if any, and interest on and all other amounts due on the Funding Loan collected pursuant to action taken under this Section 7.02 shall be applied in accordance with the provisions of the Funding Loan Agreement.

Section 7.03. No Remedy Exclusive. Upon the occurrence of an Event of Default, all or any one or more of the rights, powers, privileges and other remedies available against Borrower hereunder or under the Financing Documents or otherwise at law or in equity may be exercised by Funding Lender (or Fiscal Agent at the written direction of Funding Lender), at any time and from time to time, whether or not Funding Lender has accelerated the Project Loan, and whether or not Funding Lender shall have commenced any foreclosure proceeding or other action for the enforcement of its rights and remedies under any of the Financing Documents. No remedy conferred upon or reserved to Funding Lender or Fiscal Agent by this Project Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Project Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle Funding Lender (or Fiscal Agent at the direction of Funding Lender) to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be expressly required by this Project Loan Agreement.

Section 7.04. Agreement to Pay Attorneys' Fees and Expenses. In the event Borrower shall default under any of the provisions of this Project Loan Agreement and Governmental Lender, Fiscal Agent, Loan Servicer or Funding Lender Representative shall employ attorneys or incur other expenses for the collection of loan payments or the enforcement of performance or observance of any obligation or agreement on the part of Borrower contained in this Project Loan Agreement or in the Project Note, Borrower shall on demand therefor reimburse the reasonable fees of such attorneys and such other expenses so incurred.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Project Loan Agreement shall be breached by any party and thereafter waived by the other parties, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

Section 7.06. Control of Proceedings. (a) Notwithstanding anything to the contrary herein, Funding Lender Representative shall have the sole and exclusive right at any time to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Project Loan Agreement, or for the appointment of a receiver or any other proceedings hereunder, in accordance with the provisions of law and of this Project Loan Agreement. In addition, Funding Lender Representative shall have the sole and exclusive right at any time to directly enforce all rights and remedies hereunder and under the other Financing Documents with or without the involvement of Fiscal Agent or Governmental Lender.

In no event shall the exercise of any of the foregoing rights result in an acceleration of the Project Loan without the express direction of Funding Lender Representative.

(b) Governmental Lender and Fiscal Agent covenant that they will not, without the prior written consent of Funding Lender Representative, take any of the following actions:

(i) Prosecute any action with respect to a lien on the Project.

(ii) Initiate or take any action which may have the effect, directly or indirectly, of impairing the ability of Borrower to timely pay the principal of, interest on, or other amounts due under, the Project Loan.

(iii) Interfere with or attempt to influence the exercise by Funding Lender Representative of any of its rights under the Financing Documents upon the occurrence of any default by Borrower under the Financing Documents.

(iv) Take any action to accelerate or otherwise enforce payment or seek other remedies with respect to the Project Loan or the Funding Loan.

(c) Notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender or Fiscal Agent may take one or both of the following actions:

(i) Specifically enforce the tax covenants of Borrower specified in Sections 2.04 and 2.05 hereof or seek injunctive relief against acts which may be in violation thereof.

(ii) Specifically enforce the TEL Regulatory Agreement or seek injunctive relief against acts which may be in violation of the TEL Regulatory Agreement or are otherwise inconsistent with the operation of the Project in accordance with applicable requirements of the Internal Revenue Code and state law (but in neither the case of subsection (c)(i) above or this subsection (c)(ii) may Governmental Lender or Fiscal Agent seek any form of monetary damages from Borrower in connection with such enforcement).

In addition, notwithstanding Sections 7.06(a) and 7.06(b) hereof, Governmental Lender and Fiscal Agent may seek specific performance of the other Unassigned Rights (provided no monetary damages are sought), and nothing herein shall be construed to limit the rights of Governmental Lender, Fiscal Agent, any Governmental Lender Indemnified Party or any Indemnified Party related to Governmental Lender or Fiscal Agent under Section 6.01 (each a "*Related Indemnified Party*") to enforce their respective rights against Borrower under Sections 4.02, 4.03, 6.01 and 7.04 hereof, *provided* that no obligation of Borrower to Governmental Lender, Fiscal Agent or any Related Indemnified Party under such sections shall be secured by or in any manner constitute a lien on, or security interest in, the Project, whether in favor of Governmental Lender, Fiscal Agent or any Related Indemnified Party, and all such obligations are and shall be subordinate in priority, in right to payment and in all other respects to all other obligations, liens, rights (including without limitation the right to payment) and interests arising or created under the Financing Documents (except for Fiscal Agent's right to receive payment of Fiscal Agent's Extraordinary Fees and Expenses pursuant to Section 6.05(a) of the Funding Loan Agreement after an Event of Default with respect to the Funding Loan, which Fiscal

Agent's Extraordinary Fees and Expenses shall be payable as provided thereunder). Accordingly, none of Governmental Lender, Fiscal Agent or any Related Indemnified Party shall have the right to enforce any monetary obligation arising under such sections other than directly against Borrower, without recourse to the Project. In addition, any such enforcement must not cause Borrower to file a petition seeking reorganization, arrangement, adjustment or composition of or in respect of Borrower under any applicable liquidation, insolvency, bankruptcy, construction, composition, reorganization, conservation or other similar law in effect now or in the future.

Section 7.07. Assumption of Obligations. In the event that Fiscal Agent or Funding Lender or their respective assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of Borrower under this Project Loan Agreement, the Project Note, the TEL Regulatory Agreement, and any other Financing Documents to which Borrower is a party or with respect to which it is a third-party beneficiary. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notices. (a) Whenever in this Project Loan Agreement the giving of notice by mail or otherwise is required, the giving of such notice may be waived in writing by the person entitled to receive such notice and in any such case the giving or receipt of such notice shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

Any notice, request, complaint, demand, communication or other paper required or permitted to be delivered to Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer shall be sufficiently given and shall be deemed given (unless another form of notice shall be specifically set forth herein) on the Business Day following the date on which such notice or other communication shall have been delivered to a national overnight delivery service (receipt of which to be evidenced by a signed receipt from such overnight delivery service) addressed to the appropriate party at the addresses set forth in Section 10.04 of the Funding Loan Agreement or as required or permitted by this Project Loan Agreement by Electronic Instruction and Notice. Governmental Lender, Fiscal Agent, Funding Lender Representative, Borrower or Loan Servicer may, by notice given as provided in this paragraph, designate any further or different address to which subsequent notices or other communication shall be sent.

A duplicate copy of each notice or other communication given hereunder by any party to Loan Servicer shall also be given to Funding Lender Representative and a duplicate copy of each notice or other communication given hereunder by any party to Funding Lender Representative shall be given to Loan Servicer.

Fiscal Agent agrees to accept and act upon Electronic Instruction and Notice of written instructions and/or directions pursuant to this Project Loan Agreement.

(b) Fiscal Agent shall provide to Funding Lender Representative and Loan Servicer (i) prompt notice of the occurrence of any Event of Default hereunder and (ii) any written information or other communication received by Fiscal Agent hereunder within ten (10) Business Days of receiving a written request from Funding Lender Representative for any such information or other communication.

Section 8.02. Concerning Successors and Assigns. All covenants, agreements, representations and warranties made herein and in the certificates delivered pursuant hereto shall survive the financing herein contemplated and shall continue in full force and effect so long as the obligations hereunder are outstanding. Whenever in this Project Loan Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of Borrower which are contained in this Project Loan Agreement shall bind its successors and assigns and inure to the benefit of the successors and assigns of Governmental Lender, Fiscal Agent, Loan Servicer, Funding Lender and Funding Lender Representative, as applicable.

Section 8.03. Governing Law. This Project Loan Agreement shall be construed in accordance with and governed by the internal laws of the Property Jurisdiction and, where applicable, the laws of the United States of America.

Section 8.04. Modifications in Writing. Modification or the waiver of any provisions of this Project Loan Agreement or consent to any departure by the parties therefrom, shall in no event be effective unless the same shall be in writing approved by the parties hereto and shall require the prior written consent of Funding Lender Representative and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on Borrower in any case shall entitle it to any other or further notice or demand in the same circumstances.

Section 8.05. Further Assurances and Corrective Instruments. Governmental Lender, Fiscal Agent and Borrower agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required (including such supplements or further instruments requested by Funding Lender Representative) for correcting any inadequate or incorrect description of the performance of this Project Loan Agreement.

Section 8.06. Captions. The section headings contained herein are for reference purposes only and shall not in any way affect the meaning or interpretation of this Project Loan Agreement.

Section 8.07. Severability. The invalidity or unenforceability of any provision of this Project Loan Agreement shall not affect the validity of any other provision, and all other provisions shall remain in full force and effect.

Section 8.08. Counterparts. This Project Loan Agreement may be signed in any number of counterparts with the same effect as if the signatures thereto and hereto were upon the same instrument.

Section 8.09. Amounts Remaining in Loan Payment Fund or Other Funds. It is agreed by the parties hereto that any amounts remaining in the Loan Payment Fund or other funds and

accounts established under the Funding Loan Agreement upon expiration or sooner termination of the term hereof (and the repayment in full of the Project Loan and all other amounts owing under the Project Loan Documents), shall be paid in accordance with the Funding Loan Agreement.

Section 8.10. Effective Date and Term. This Project Loan Agreement shall become effective upon its execution and delivery by the parties hereto, shall be effective and remain in full force from the Effective Date, and, subject to the provisions hereof, shall expire on such date as the Funding Loan Agreement shall terminate.

Section 8.11. Cross References. Any reference in this Project Loan Agreement to an “Exhibit,” an “Article,” a “Section,” a “Subsection” or a “Paragraph” shall, unless otherwise explicitly provided, be construed as referring, respectively, to an exhibit attached to this Project Loan Agreement, an article of this Project Loan Agreement, a section of this Project Loan Agreement, a subsection of the section of this Project Loan Agreement in which the reference appears and a paragraph of the subsection within this Project Loan Agreement in which the reference appears. All schedules and exhibits attached to or referred to in this Project Loan Agreement are incorporated by reference into this Project Loan Agreement.

Section 8.12. Funding Lender Representative and Loan Servicer as Third-Party Beneficiaries. The parties hereto agree and acknowledge that Funding Lender Representative and Loan Servicer are third-party beneficiaries of this Project Loan Agreement.

Section 8.13. Supplemental Financings. Governmental Lender and Fiscal Agent each acknowledges that Loan Servicer (or another originating lender that is generally approved by Freddie Mac to sell mortgages to Freddie Mac) may make additional loans to Borrower secured by additional mortgages on the Project (“*Additional Loans*”), *provided, however*, that no such Additional Loans may be made without the prior written consent of Governmental Lender which shall not be unreasonably withheld and that the Borrower files with the Governmental Lender an opinion of Bond Counsel, to the effect that such Additional Loan will not adversely affect the excludability of interest on the Governmental Note from the gross income of the holders thereof for federal income tax purposes. Additional Loans must be subordinate to the repayment of the Project Loan by Borrower.

Section 8.14. Non-Liability of Governmental Lender. Governmental Lender shall not be obligated to pay the principal (or Prepayment Premium) of or interest on the Funding Loan, except from Revenues and other money and assets received by Fiscal Agent on behalf of Governmental Lender pursuant to this Project Loan Agreement. Neither the faith and credit nor the taxing power of the Property Jurisdiction or any political subdivision thereof, nor the faith and credit of Governmental Lender or any member is pledged to the payment of the principal (or Prepayment Premium) or interest on the Funding Loan. Governmental Lender shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Project Loan Agreement, the Funding Loan or the Funding Loan Agreement, except only to the extent amounts are received for the payment thereof from Borrower under this Project Loan Agreement.

Borrower hereby acknowledges that Governmental Lender’s sole source of money to repay the Funding Loan will be provided by the payments made by Borrower pursuant to this Project

Loan Agreement, together with Investment Income on certain funds and accounts held by Fiscal Agent under the Funding Loan Agreement, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal (or Prepayment Premium) and interest on the Funding Loan as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from Fiscal Agent, Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal (or Prepayment Premium) or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of Fiscal Agent, Borrower, Governmental Lender or any third party, subject to any right of reimbursement from Fiscal Agent, Governmental Lender or any such third party, as the case may be, therefor.

Section 8.15. No Liability of Officers. No recourse under or upon any obligation, covenant, or agreement or in the Governmental Note, or under any judgment obtained against Governmental Lender, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any incorporator, member, director, commissioner, employee, agent or officer, as such, past, present, or future, of Governmental Lender, either directly or through Governmental Lender, or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may be due and unpaid by Governmental Lender upon the Funding Loan. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director, commissioner, employee, agent or officer, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for or to Governmental Lender or any receiver thereof, or for or to Funding Lender, of any sum that may remain due and unpaid upon the Funding Loan, is hereby expressly waived and released as a condition of and consideration for the execution of this Project Loan Agreement and the issuance of the Governmental Note.

Section 8.16. Capacity of Fiscal Agent. Fiscal Agent is entering into this Project Loan Agreement solely in its capacity as Fiscal Agent and shall be entitled to the rights, protections, limitations from liability and immunities afforded it as Fiscal Agent under the Funding Loan Agreement. Fiscal Agent shall be responsible only for the duties of Fiscal Agent expressly set forth herein and in the Funding Loan Agreement.

Section 8.17. Reliance. The representations, covenants, agreements and warranties set forth in this Project Loan Agreement may be relied upon by Governmental Lender, Fiscal Agent, Bond Counsel, Loan Servicer, Funding Lender and Funding Lender Representative. In performing their duties and obligations under this Project Loan Agreement and under the Funding Loan Agreement, Governmental Lender and Fiscal Agent may rely upon statements and certificates of Borrower, upon certificates of tenants believed to be genuine and to have been executed by the proper person or persons, and upon audits of the books and records of Borrower pertaining to occupancy of the Project. In addition, Governmental Lender and Fiscal Agent may consult with counsel, and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by Governmental Lender or Fiscal Agent under this Project Loan Agreement and under the Funding Loan Agreement in good faith and in conformity with the opinion of such counsel. It is expressly understood and agreed by the parties to this Project Loan Agreement (other than Governmental Lender) that:

(a) Governmental Lender may rely conclusively on the truth and accuracy of any certificate, opinion, notice or other instrument furnished to Governmental Lender by Fiscal Agent, Funding Lender or Borrower as to the existence of a fact or state of affairs required under this Project Loan Agreement to be noticed by Governmental Lender;

(b) Governmental Lender shall not be under any obligation to perform any record keeping or to provide any legal service, it being understood that such services shall be performed or caused to be performed by Fiscal Agent, Funding Lender Representative, Loan Servicer or Borrower, as applicable; and

(c) None of the provisions of this Project Loan Agreement shall require Governmental Lender or Fiscal Agent to expend or risk its own funds (apart from the proceeds of Funding Loan issued under the Funding Loan Agreement) or otherwise endure financial liability in the performance of any of its duties or in the exercise of any of its rights under this Project Loan Agreement, unless it shall first have been adequately indemnified to its satisfaction against the costs, expenses and liabilities which may be incurred by taking any such action.

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GOVERNMENTAL LENDER:

McKINNEY HOUSING FINANCE CORPORATION,
as Governmental Lender

By: _____

Name: _____

Title: _____

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

FISCAL AGENT:

UMB Bank, N.A., a national banking
association, as Fiscal Agent

By: _____
Name: _____
Title: _____

[SIGNATURES CONTINUE ON FOLLOWING PAGE]

BORROWER:

Skyway Villas (TX) Owner LP,
a Texas limited partnership

By: _____
Name: _____
Title: _____

SCHEDULE I

LIST OF PROJECT LOAN AGREEMENT SECTIONS

ARTICLE I DEFINITIONS

- 1.01 Definitions
- 1.02 Interpretation

ARTICLE II REPRESENTATIONS, WARRANTIES AND COVENANTS

- 2.01 Representations, Warranties and Covenants of Governmental Lender
- 2.02 Representations, Warranties and Covenants of Borrower
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- 2.05 Tax Covenants of Borrower

ARTICLE III THE PROJECT LOAN

- 3.01 Conditions to Funding the Project Loan
- 3.02 Terms of the Project Loan; Servicing
- 3.03 Initial Deposits
- 3.04 Pledge and Assignment to Fiscal Agent
- 3.05 Investment of Funds
- 3.06 Damage; Destruction and Eminent Domain
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