McKinney Housing Finance Corporation

and

Skyway Villas (TX) Owner LP

Loan Agreement

Relating to

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

Dated as of August 1, 2026

The interest of the McKinney Housing Finance Corporation (the *"Issuer"*) in this Loan Agreement has been assigned (except for *"Reserved Rights of the Issuer"* defined in this Loan Agreement) pursuant to the Trust Indenture (the *"Indenture"*) dated as of the date hereof from the Issuer to UMB Bank, N.A., as trustee (the *"Trustee"*), and is subject to the security interest of the Trustee thereunder.

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(This Table of Contents is not a part of the Loan Agreement and is only for convenience of reference.)

LOAN AGREEMENT

THIS LOAN AGREEMENT (this *"Agreement"*) is entered into as of August 1, 2026, between the MCKINNEY HOUSING FINANCE CORPORATION, a Texas public, nonprofit housing finance corporation (the *"Issuer"*), and SKYWAY VILLAS (TX) OWNER LP, a Texas limited partnership (the *"Borrower"*).

RECITALS

A. The Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended (the *"Act"*), authorizes the Issuer to make loans to private sponsors for the financing, construction, rehabilitation and acquisition of housing projects in the State of Texas (the *"State"*) for eligible persons and to issue revenue bonds from time to time for such purposes.

B. The Borrower has requested the Issuer to issue its $[46,000,000] Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 (the *"Bonds"*), the proceeds of which will be utilized to make a loan to the Borrower for purposes 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 Skyway Villas (the *"Project"*).

C. Pursuant to and in accordance with the Act, the Issuer desires to provide funds to finance a portion of the acquisition, rehabilitation and equipping of the Project by issuing the Bonds, pursuant to a Trust Indenture by and between the Issuer and UMB Bank, N.A., as Trustee, of even date herewith (the *"Indenture"*).

D. The proceeds of the Bonds will be used to make a loan to the Borrower (the *"Loan"*) which will be evidenced by this Agreement and a promissory note dated the date of delivery of the Bonds (the *"Note"*) from the Borrower to the Issuer.

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

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 the Indenture, (ii) the purchase price of the Bonds shall be paid with amounts on deposit in the Permanent Loan Purchase Fund (and other Eligible Funds held under the Indenture), (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 the Freddie Mac Seller/Servicer at such time), (iv) the Bonds shall be removed from the Book-Entry System and converted to 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 to the Indenture as Appendix C and the Project Loan Agreement attached to the Indenture as Appendix D shall be delivered by the respective parties and become effective and shall supersede the Indenture and this 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, (vii) the Mortgage Loan shall be paid in part with amounts on deposit in the Collateral Fund and in part with amounts provided by the Borrower to the Title Company, 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.

I. The Issuer has expressly determined and hereby confirms that the issuance of the Bonds will accomplish a valid public purpose of the Issuer by enabling the Issuer to require the Borrower to comply with the provisions of this Agreement with respect to the Project and the Regulatory Agreement, dated as of the same date as this Agreement.

AGREEMENTS

NOW THEREFORE, the parties hereto, intending to be legally bound hereby, and for and in consideration of the premises and the mutual covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows; *provided* that any obligation of the Issuer created by or arising out of this Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of the State, but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding.

ARTICLE I

DEFINITIONS

Section 1.01. Definitions. All capitalized, undefined terms used herein shall have the same meanings as used in Article I of the Indenture.

Section 1.02. Uses of Phrases. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Bondholder," "Holder," "Owner," "registered Holder" and "person" shall include the plural as well as the singular number, and the word "person" shall include corporations and associations, including public bodies, as well as persons. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific sections of the Code refer to such sections of the Code and all successor or replacement provisions thereto.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.01. Representations, Covenants and Warranties of the Issuer. The Issuer represents, covenants and warrants the following, as of the date hereof:

(a) The Issuer is a Texas public, nonprofit housing finance corporation. Under the provisions of the Act, the Issuer is authorized to enter into this Agreement and the Indenture, and the transactions contemplated hereunder and thereunder and to carry out its obligations hereunder and thereunder. By proper action of its Board of Directors, the Issuer has been duly authorized to execute and deliver the Issuer Documents and to issue and sell the Bonds.

(b) The Issuer will not pledge the amounts derived from this Agreement other than as contemplated by the Indenture.

(c) The Issuer has determined that financing the Project by the issuance of the Bonds will achieve the public purposes of the Act.

(d) No member or director of the Issuer, nor any other official or employee of the Issuer, has any interest, financial, employment or other, in the Borrower, the Project or in the transactions contemplated hereby. It is acknowledged that an affiliate of the Issuer is the general partner of the Borrower, and that an affiliate of the Issuer is the owner of the fee simple interest in the land on which the project is located.

(e) There is no action, suit, proceeding, inquiry or investigation pending or, to the knowledge of the Issuer, threatened against the Issuer by or before any court, governmental agency or public board or body, which (i) affects or questions the existence or the title to office of any member of the Issuer; (ii) affects or seeks to prohibit, restrain or enjoin the execution and delivery of any of the Issuer Documents, or the issuance, execution or delivery of the Bonds; (iii) affects or questions the validity or enforceability of any of the Issuer Documents or the Bonds; (iv) questions the exclusion from gross income for federal income taxation of interest on the Bonds; or (v) questions the power or authority of the Issuer to perform its obligations under any of the Issuer Documents or the Bonds or to carry out the transactions contemplated by any of the Issuer Documents or the Bonds.

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

(g) The Issuer 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 Agreement, *"Median Family Income"* means the median gross income for the area (or statewide median gross income, if higher) 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.

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

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

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

Section 2.02. Representations, Covenants and Warranties of the Borrower. The Borrower represents, covenants and warrants that:

(a) *Good Standing; Single-Purpose Covenants*. (1) The Borrower (i) is a limited partnership duly organized and existing in good standing under the laws of the State, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Agreement and the Borrower's Tax Letter of Representation, and (iii) is duly qualified to do business and is in good standing in each jurisdiction in which the character of the properties owned by it therein or in which the transaction of its business makes such qualification necessary, including, but not limited to, the State. The Borrower's business and purpose shall consist solely of the ownership, development, operation and management of the Project and such other lawful activities as are incidental, necessary or appropriate thereto. The Borrower shall not incur any indebtedness other than Project indebtedness approved by the Issuer and normal trade accounts payable in the ordinary course of the Borrower's business. The Borrower shall not assume or guaranty any other person's indebtedness or obligations. The Borrower shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer or lease its property and assets substantially as an entirety to any entity. The Borrower shall not institute or consent to any bankruptcy, insolvency or reorganization proceedings with respect to it, consent to the appointment of a receiver or similar official with respect to it, make any assignment for the benefit of its creditors or admit in writing its inability to pay its debts generally as they become due.

The Borrower shall: maintain books and records and bank accounts separate from those of any other person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; and transact all business with affiliates on an arm's-length basis and pursuant to enforceable agreements. The Borrower shall not commingle its assets or funds with those of any other person.

(2) The General Partner (i) is a limited liability company duly organized and existing in good standing under the laws of the State, (ii) has the power to own its property and to carry on its business as now being conducted and as contemplated by this Agreement, and (iii) is duly qualified to do business and is in good standing in each the State. The General Partner's business and purpose shall consist solely of acting as the general partner of the Borrower. The General Partner shall not incur any indebtedness other than such obligations under the Project documents, the Borrower's Partnership Agreement and related documents, the Borrower's Project indebtedness approved by the Issuer and normal trade accounts payable in the ordinary course of its and the Borrower's business and shall not assume or guaranty any other person's indebtedness or obligations. The General Partner shall not dissolve or liquidate, in whole or in part, consolidate or merge with or into any other entity or convey, transfer (other than the pledge granted to the Equity Investor in accordance with the Borrower's Organizational Documents) or lease its property and assets substantially as an entirety to any entity. The General Partner shall not, with respect to itself or the Borrower, institute or consent to any bankruptcy, insolvency or reorganization proceedings, consent to the appointment of a receiver or similar official, make or consent to any assignment for the benefit of creditors or admit in writing its or the Borrower's inability to pay debts generally as they become due.

The General Partner shall: maintain books and records and bank accounts separate from those of any other person; conduct its business in its own name and use separate stationery, invoices and checks; maintain its assets in such a manner that it is not costly or difficult to segregate and identify such assets; observe all organizational formalities and hold itself out to creditors and the public as a legal entity separate and distinct from any other entity; prepare separate tax returns and financial statements, or if part of a consolidated group, then be shown thereon as a separate member of such group; allocate and charge fairly and reasonably any common employee or overhead shared with affiliates; and transact all business with affiliates using reasonable and customary terms pursuant to enforceable agreements. The General Partner shall not commingle its assets or funds with those of any other person.

(b) *Authority*. The Borrower and the General Partner have full power and authority to (i) execute and deliver the Borrower Documents and Mortgage Loan Documents and (ii) incur the obligations provided for herein and therein, all of which have been duly authorized by all proper and necessary corporate action. All consents or approvals of any public authority which are required as a condition to the validity of this Agreement, the Tax Certificates, the Note, the Bond Purchase Agreement, and the Regulatory Agreement have been obtained.

(c) *Binding Agreements*. The Borrower Documents and Mortgage Loan Documents have been properly executed by a duly authorized partner of the Borrower and the General Partner (as applicable) and constitute valid and legally binding obligations of the Borrower, and are fully enforceable against the Borrower 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.

(d) *Litigation*. There is no litigation or proceeding pending or, to the knowledge of the Borrower, threatened against the Borrower, the General Partner or the Project before any court or administrative agency which, if determined adversely to the Borrower, will materially adversely affect the Borrower or the Project, or the authority of the Borrower to enter into or perform under the Borrower Documents and the Mortgage Loan Documents.

(e) *Conflicts; Defaults*. There is (i) no provision of the Borrower's or the General Partner's organizational documents or resolutions of the Borrower and no provision of any existing mortgage, indenture, contract or agreement binding on the Borrower or the General Partner or affecting any of the Borrower's property and (ii) to the Borrower's or the General Partner's knowledge, no provision of law or order of court binding upon the Borrower or the General Partner or affecting any of the Borrower's property, in either case which would conflict with or in any way prevent the execution, delivery, or performance of the terms of the Borrower Documents and the Mortgage Loan Documents, or which would be in default or violated as a result of such execution, delivery or performance. The Borrower is not in material default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any material agreement or instrument to which it is a party.

(f) *Title to Project*. The Borrower has or will have on the Closing Date good and marketable ground leasehold interest in the land constituting the site of the Project, pursuant to the Ground Lease, and will have a fee simple interest in the improvements constituting the Project free and clear of any liens or encumbrances, other than the Permitted Encumbrances. The Borrower possesses, and will at all times possess, all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(g) *Indenture*. The Indenture has been submitted to the Borrower for its examination, and the Borrower acknowledges, by execution of this Agreement, that it has reviewed the Indenture, and it hereby approves the Indenture. The Borrower agrees to perform fully and faithfully all the duties and obligations which the Issuer has covenanted and agreed to in the Indenture to cause the Borrower to perform and any duties and obligations which the Borrower or the Issuer is required by the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which, by its nature, cannot be delegated or assigned.

(h) *Events Affecting Tax Exemption*. The Borrower has not taken or permitted to be taken any action that would impair the exclusion from gross income for federal income tax purposes of the interest payable on the Bonds, and the Borrower has never been advised that the interest is or will be subject to inclusion in gross income. As of the Closing Date, the Borrower is in compliance with all requirements contained in the Borrower's Tax Letter of Representations, and the representations set forth in the Tax Certificates pertaining to the Borrower and the Project are true and accurate in all material respects. Notwithstanding the above, if the Borrower becomes aware of any situation, event or condition which would result in the interest on the Bonds being included in gross income for federal income tax purposes, the Borrower shall promptly give written notice thereof to the Issuer and the Trustee.

(i) *Compliance with Laws*. 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 Regulatory Agreement and the Tax Certificates for as long as required by the Act and the Code and knows of no reason why the Project will not be so operated. If, in the future, there is a cessation of that operation, it will use its best efforts to resume that operation or accomplish an alternate use by the Borrower or others approved by the Issuer which will be consistent with the Act, the Code, the Regulatory Agreement and the Tax Certificates. The Borrower will cause the Project to be operated in accordance with the Act and all other applicable laws, rulings, regulations and ordinances of the State and the departments, agencies and political subdivisions thereof. The Borrower has obtained or will cause to be timely obtained all requisite approvals of the State and of other federal and local governmental bodies required for the operation of the Project.

(j) *No Material Misstatements*. The representations and warranties of the Borrower contained in the Borrower Documents and the Mortgage Loan Documents (including, without limitation, any information furnished by the Borrower in connection with the preparation of any materials related to the issuance or delivery of the Bonds on the Closing Date), contain no material misstatement of 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. The representations and warranties of the Borrower and the statements, information and descriptions contained in the Official Statement and in the Borrower's closing certificates, as of the Closing Date, are true, correct and complete in all material respects, do not contain any untrue statement or misleading statement of material fact, and do not omit to state a material fact necessary to make the certifications, representations, warranties, statements, information and descriptions contained therein, in light of the circumstances under which they were made, not misleading. The estimates and assumptions contained in this Agreement and in any certificate of the Borrower delivered as of the Closing Date are reasonable and based on the most accurate information available to the Borrower.

(k) *Interest of Member or Agent of Issuer*. To the knowledge of the Borrower, no member or agent of the Issuer has been or is in any manner interested, directly or indirectly, in that person's own name or in the name of any other persons, in the loan of the bond proceeds, the Bonds, the Documents, the 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 Documents. It is acknowledged that an affiliate of the Issuer is the sole member of the General Partner of the Borrower, and that an affiliate of the Issuer is the owner of the fee simple interest in the land on which the Project is located and of the landlord under the Ground Lease.

(l) *Arbitrage Bonds*. No money on deposit or to be deposited in any fund or account in connection with the Bonds, whether or not such money was or is to be derived from other sources, has been or will be used by or under the direction of the Borrower in any manner which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code.

(m) *Tax Returns*. The Borrower has filed or caused to be filed all required federal, state and local tax returns and has paid all taxes as shown on such returns as such taxes have become due. No claims have been assessed and are unpaid with respect to such taxes.

(n) *No Reliance on Issuer*. The Borrower acknowledges, represents and warrants that it understands the nature and structure of the transactions relating to the financing of the Project; that it is familiar with the provisions of all of the documents and instruments relating to such financing to which it or the Issuer is a party or of which it is a beneficiary; that it understands the risks inherent in such transactions, including without limitation the risk of loss of the Project; and that it has not relied on the Issuer for any guidance or expertise in analyzing the financial or other consequences of such financing transactions or otherwise relied on the Issuer in any manner except to issue the Bonds.

(o) *Fees*. The Borrower shall pay all fees, including the Issuer Fee and the Trustee's Fee, as provided under the Indenture, the Note and in this Agreement.

(p) *Place of Business of Borrower*. The Borrower has a place of business in the State.

(q) *Name of Borrower*. The Borrower filed Articles of Organization with the State of Texas and since its date of filings has done business only under the name of "Skyway Villas (TX) Owner LP".

(r) *Governmental Requirements*. To the Borrower's knowledge, no violation of any Governmental Requirement exists with respect to the Project, the Borrower, or any other asset of the Borrower, the Project conforms in all material respects with all applicable zoning, planning, building and environmental laws, ordinances and regulations of Governmental Authorities having jurisdiction over the Project, all necessary utilities are available to the Project, and the Borrower has obtained or will obtain all requisite zoning approvals necessary with respect to the Project.

(s) *Condemnation*. No condemnation, eminent domain or similar proceeding is pending, or to the knowledge of the Borrower, threatened, with respect to the Project or any portion thereof.

(t) *Governmental Approvals*. The Borrower has obtained, or will obtain and has maintained as currently in full force and effect, or will be in full force and effect, all consents, and permits, licenses, accreditations, certifications and other approvals (governmental or otherwise) that:

(i) would constitute a condition precedent to, or the absence of which would materially adversely affect, the enforceability of and the performance by the Borrower of its obligations hereunder; and

(ii) are necessary for the acquisition, rehabilitation, financing and operation of the Project.

Section 2.03. Additional Representations, Warranties and Undertakings of the Borrower. The Borrower makes the following additional representations as the basis for its covenants and agreements herein:

(a) The execution and delivery of the Borrower Documents and the Mortgage Loan Documents, and the consummation of the transactions herein and therein contemplated, including the application of the proceeds of the Bonds as so contemplated, will not conflict with, or constitute a breach of, or default by it under its formation and governance documents, or any statute, indenture, mortgage, deed of trust, lease, note, loan agreement or other agreement or instrument to which it is a party or by which it or its properties are bound, and will not constitute a violation of any order, rule or regulation of any court or governmental agency or body having jurisdiction over it or any of its activities or properties. Additionally, the Borrower is not in breach, default or violation of any applicable statute, indenture, mortgage, deed of trust, note, loan agreement or other agreement or instrument which would allow the obligee or obligees thereof to take any action which would preclude performance under the Borrower Documents by the Borrower.

(b) There are no actions, suits or proceedings of any type whatsoever pending or, to its knowledge, threatened against or affecting it or its assets, properties or operations which, if determined adversely to it or its interests, could have a material adverse effect upon its financial condition, assets, properties or operations and it is not in default with respect to any order or decree of any court or any order, regulation or decree of any federal, state, municipal or governmental agency, which default would materially and adversely affect its financial condition, assets, properties or operations, or the completion of the rehabilitation of the Project.

(c) Neither any information, exhibit or report furnished to the Issuer by the Borrower in connection with the negotiation of the Borrower Documents nor any of the foregoing representations contains any untrue statement of a material fact, or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(d) The Borrower shall pay all fees, costs and expenses required to be paid by the Borrower under the terms of this Agreement.

All representations of the Borrower contained herein and in any certificate or other instrument delivered by the Borrower pursuant to the Borrower Documents or in connection with the transaction contemplated thereby, shall survive the execution and delivery thereof and the issuance, sale and delivery of the Bonds.

Section 2.04. Tax-Exempt Status of the Bonds. The Borrower hereby represents, warrants and agrees that the Borrower's Tax Letter of Representation executed and delivered by the Borrower concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which executed and delivered.

Section 2.05. Notice of Determination of Taxability. Promptly after the Borrower first becomes aware of any investigation relating to the tax status of the Bonds, or a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer and the Trustee at the address of each party listed in Article I of the Indenture.

Section 2.06. Conversion. The Borrower acknowledges and agrees that the Loan is subject to Conversion as provided for in Section 2.12 of the Indenture.

ARTICLE III

CONSTRUCTION OF THE PROJECT; ISSUANCE OF THE BONDS

Section 3.01. Agreement to Construct the Project. The Borrower agrees to make all contracts and do all things necessary for the rehabilitation of the Project. The Borrower further agrees that it will rehabilitate the Project with all reasonable dispatch and use its best efforts to cause the rehabilitation of the Project to be completed by the Completion Date, or as soon thereafter as may be practicable, delays caused by force majeure as defined in Section 7.01 hereof only excepted; but if for any reason such rehabilitation is not completed by said Completion Date there shall be no resulting liability on the part of the Borrower or the Issuer and no diminution in or postponement of the payments required in Section 4.02 hereof to be paid by the Borrower.

Section 3.02. Agreement to Issue, Sell and Deliver the Bonds; Deposit of Bond Proceeds. In order to provide funds for the payment of the Costs of the Project, the Issuer, concurrently with the execution of this Agreement, will issue, sell, and deliver the Bonds and deposit the proceeds thereof with the Trustee, which amounts shall be immediately deposited as set forth in the Indenture.

Section 3.03. Disbursements from the Project Fund. In the Indenture, the Issuer has authorized and directed the Trustee to make disbursements from the Project Fund to pay Costs of the Project upon satisfaction of the requirements of the Indenture. The Trustee is directed in the Indenture to make disbursements from the Project Fund as provided in the Indenture, and pursuant to the receipt of a Requisition in substantially the form attached to the Indenture as Appendix B.

The Borrower's right to request disbursements from the Project Fund is limited to the principal amount of the Loan and conditioned upon the deposit of Eligible Funds into the Collateral Fund as set forth in the Indenture.

Section 3.04. Furnishing Requisitions to the Trustee. The Borrower agrees to cause such Requisitions to be delivered to the Trustee as may be necessary to effect payments out of the Project Fund in accordance with Section 3.03 hereof.

Section 3.05. Establishment of Completion Date. (a) The Borrower Representative shall evidence completion of the Project and the actual date of completion to the Issuer and the Trustee (with copies to the Investor Limited Partner and Lender) by an executed Completion Certificate. The Completion Certificate shall be executed by the Borrower Representative and shall state to the best information and belief of the Borrower, after due inquiry, that, except for amounts retained (subject to the provisions of this Section 3.05) by the Trustee at the Issuer's or the Borrower's direction and amounts retained under the Mortgage Loan for any costs not then due and payable or costs due and payable, the payment of which is being diligently contested in good faith, rehabilitation of the Project has been substantially completed in material compliance with all applicable laws, regulations and agreements, and all costs of labor, services, materials and supplies used in the Project have been paid or provisions have been made for their payment, all equipment necessary for the operation of the Project has been purchased, installed and paid for, is suitable and sufficient for its intended purposes, and is fully operable, all costs and expenses incurred in connection with the Project have been paid except for amounts not yet due and payable or being diligently contested in good faith by the Borrower, and the multifamily units in the Project are suitable and sufficient for its intended purposes. Notwithstanding the foregoing, the Completion Certificate shall further state that it is given without prejudice to any rights of the Borrower against third parties which exist at the date of the Completion Certificate, or which may subsequently come into being. The Completion Certificate shall be furnished by the Borrower to the Issuer and the Trustee (with copies to the Investor Limited Partner and Lender) promptly following the completion of the Project.

(b) Any amount (exclusive of amounts retained by the Trustee in the Project Fund for payment of Costs of the Project not then due and payable) of proceeds of the Bonds remaining in the Project Fund upon the Completion Date shall be transferred by the Trustee into the Bond Fund and used by the Trustee (i) to pay the principal of and interest on the Bonds or (ii) for any other purpose *provided* that the Trustee is furnished with an opinion of Bond Counsel to the effect that such use is lawful under the Act and will not cause interest on the Bonds to be included in gross income for federal income tax purposes. Until used for one or more of the foregoing purposes, such segregated amount may be invested as permitted by the Indenture *provided* that prior to any such investment the Trustee is provided with an opinion of Bond Counsel to the effect that such investment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

Section 3.06. Borrower Required to Pay in the Event Project Fund Is Insufficient. In the event the moneys in the Project Fund are not sufficient to pay the Costs of the Project in full, the Borrower agrees to complete the Project and to pay that portion of the Costs of the Project in excess of the moneys available therefore in the Project Fund. The Issuer does not make any warranty, either express or implied, that the moneys paid into the Project Fund and available for payment of the Costs of the Project will be sufficient to pay all of the Costs of the Project. The Borrower agrees that if after exhaustion of the moneys in the Project Fund, the Borrower should pay any portion of the Costs of the Project pursuant to the provisions of this Section, the Borrower shall not be entitled to any reimbursement therefor from the Issuer, the Trustee or the Holders of any of the Bonds, nor shall the Borrower be entitled to any diminution of the amounts payable under this Agreement.

Section 3.07. Special Arbitrage Certifications. The Borrower and the Issuer covenant (i) not to take any action or fail to take any action which would cause the interest on any of the Bonds to be or become includable in the gross income of the Holders for federal income tax purposes and (ii) not to cause or direct any moneys on deposit in any fund or account to be used in a manner that would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. The Borrower certifies and covenants to and for the benefit of the Issuer and the Holders of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 3.08. Rebate Calculations and Payments. Within thirty (30) days after the end of each fifth Bond Year and within twenty (20) days after payment in full of the Bonds, if necessary, the Borrower shall cause the Rebate Analyst to calculate the Rebate Amount as of the end of that Bond Year or the date of such payment and the Rebate Analyst shall notify the Trustee and the Borrower and the Investor Limited Partner of that amount. If the amount then on deposit in the Rebate Fund created under the Indenture is less than the Rebate Amount (taking into account the amount or amounts, if any, previously paid to the United States), the Borrower shall, within thirty (30) days after the date of the aforesaid calculation, deposit or cause to be deposited to the credit of the Rebate Fund an amount sufficient to cause the Rebate Fund to contain an amount equal to the Rebate Amount. The obligation of the Borrower to make or cause to be made such payments shall remain in effect and be binding upon the Borrower notwithstanding the release and discharge of the Indenture or the termination of this Agreement. The Borrower shall obtain such records of the computations made pursuant to this Section as are required under Section 148(f) of the Code and shall retain such records for at least six (6) years after the maturity or retirement of the Bonds.

Section 3.09. Rebate Analyst. In accordance with Section 3.08 hereof, the Rebate Analyst shall perform any calculations required under Section 4.06 of the Indenture at the sole expense of the Borrower. In the event the Issuer does not select a Rebate Analyst when any such calculation is required, the Borrower, with the consent of the Issuer, shall appoint a Rebate Analyst, the expense of which shall be borne by the Borrower, and the Borrower shall give prompt notice in writing to the Trustee of such appointment. The Borrower further covenants that, during the term of the Bonds, in the event the Borrower sells or otherwise disposes of the Project, it will require that the transferee execute a covenant similar to that in this Section in the sale or other documents concerning the disposition and will require such transferee to include such a covenant in future transfer documents. The special covenants of the Borrower in this Section shall survive the defeasance or payment in full of the Bonds notwithstanding any other provision of this Agreement until the requirements for payment of any Rebate Amount has been fully satisfied.

ARTICLE IV

LOAN PROVISIONS

Section 4.01. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Borrower the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed to or on behalf of the Borrower as provided in Section 3.03 hereof.

Section 4.02. Amounts Payable. (a) The Borrower hereby covenants and agrees to repay the Loan on or before any date that any payment of interest or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such payment in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or acceleration or otherwise) and interest on the Bonds as provided in the Indenture. Payments by the Trustee of principal of and interest on the Bonds from amounts in the Bond Fund shall be credited against the Borrower's obligation to pay principal and interest on the Loan. The Borrower also covenants and agrees to pay any additional interest, taxes or penalties that may be due as a result of a Determination of Taxability.

It is understood and agreed that all payments of principal and interest payable by the Borrower under subsection (a) of this Section 4.02 are assigned by the Issuer to the Trustee for the benefit of the Holders of the Bonds (excluding amounts on deposit in the Rebate Fund). The Borrower consents to such assignment.

(b) In the event the Borrower should fail to make any of the payments required in this Section 4.02, the item or installment so in default shall continue as an obligation of the Borrower until the amount in default shall have been fully paid, and the Borrower agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

Section 4.03. Fees and Expenses. On the Closing Date, the Borrower agrees to cause to be deposited amounts into the Costs of Issuance Fund as required under the Indenture, to pay the Issuer Fee, rating agency fees, the Trustee's Fee, the Remarketing Agent's Fee and the Rebate Analyst Fee (including the reasonable fees and expenses of their respective counsel actually incurred) in connection with the issuance of the Bonds and the performance of their duties in connection with the transactions contemplated hereby, including, without limitation, all costs of recording and filing, to the extent such fees and expenses are not otherwise paid from the Costs of Issuance Fund in accordance with Section 4.07 of the Indenture. All such amounts shall be paid directly to the parties entitled thereto for their own account as and when such amounts become due and payable. The Borrower will also pay any reasonable expenses actually incurred in connection with any redemption, underwriting or remarketing of the Bonds or amendments or modifications to the Documents. Specifically, and without limiting the foregoing, the Borrower agrees to pay to the Issuer, the Trustee or to any payee designated by the Issuer, within thirty (30) days after receipt of request for payment thereof, the Issuer Fee and the Trustee's Fee and all reasonable expenses of the Issuer and the Trustee actually incurred and related to the Project and the financing thereof which are not paid from the funds held under the Indenture, including, without limitation, all reasonable costs and expenses incurred by the Trustee in its administration of the trusts created by the Indenture and in the performance of its duties under the Documents, and all reasonable legal fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project or the Bonds or in connection with questions or other matters arising under such documents.

The obligations of the Borrower under this Section shall survive the resignation or removal of the Trustee, termination of this Agreement and the payment and performance of all of the other obligations of the Borrower hereunder and under the other Borrower Documents, including the Regulatory Agreement.

Section 4.04. Obligations of the Borrower Unconditional. The obligations of the Borrower to make the payments required under this Agreement, and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of notice, setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Trustee or any other person. Subject to termination as provided herein, the Borrower (i) will not suspend or discontinue, or permit the suspension or discontinuance of, any payments provided for under this Agreement, (ii) will perform and observe all of its other agreements contained in this Agreement and (iii) will not terminate this Agreement for any cause including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, commercial frustration of purpose, or change in the tax or other laws or administrative rulings of or administrative actions by the United States of America or the State or any political subdivision of either, any failure of the Issuer to perform and observe any agreement, whether express or implied, or any duty, liability, or obligation arising out of or connected with this Agreement, whether express or implied, or any failure of the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with the Indenture, whether express or implied.

Section 4.05. Remarketing of Bonds. The Borrower is hereby granted the right to (i) request a remarketing of the Bonds in the manner and to the extent set forth in Section 3.03 of the Indenture and (ii) with the written consent of the Remarketing Agent (which consent shall not be unreasonably withheld), designate the length of the Remarketing Period and the related Mandatory Tender Date in the manner and to the extent set forth in Sections 3.01 and 3.03 of the Indenture. Notice of any such Remarketing Period and the related Mandatory Tender Date also shall be delivered to the Issuer, the Investor Limited Partner, the Lender and the Trustee not later than fifteen (15) days prior to the Mandatory Tender Date.

Section 4.06. Mortgage Loan to Borrower; Eligible Funds. Contemporaneously with the issuance of the Bonds, it is expected that the Borrower shall proceed with obtaining the Mortgage Loan from the Lender. In particular, the Borrower will promptly take all necessary actions on its part to close the Mortgage Loan.

In consideration of and as a condition to the disbursement of Bond proceeds in the Project Fund to pay Project Costs, and to secure the Borrower's obligation to make Loan Payments, the Borrower shall cause the Lender, from time to time, to deliver Eligible Funds to the Trustee for deposit into the Collateral Fund to enable the Trustee to disburse an equal amount of Bond proceeds from the Project Fund as approved by the Lender in connection with a completed and fully executed Requisition, in substantially the form attached to the Indenture as Appendix B.

ARTICLE V

SPECIAL COVENANTS

Section 5.01. Tax Covenants. The Borrower hereby covenants and agrees as follows:

a) It is the intention of the parties hereto that interest on the Bonds shall be and remain excludable from gross income for federal income tax purposes, and, to that end, the covenants and agreements of the Issuer and the Borrower in this Section are for the benefit of the Trustee on behalf of and for each and every holder of the Bonds.

b) The Borrower covenants and agrees that it will not knowingly use or permit the use of any of the funds provided by the Issuer 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 Trustee to invest any funds held by it hereunder or under the Indenture or otherwise, in such manner as would cause any Bond 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 Bonds. 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 Bonds.

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 Indenture it is necessary to further restrict or limit the Yield on the investment of any money held by the Trustee under the Indenture beyond those situations and periods outlined in this Agreement or the Issuer's Certificate as to Tax Exemption dated the Closing Date, the Borrower shall notify the Trustee in writing of the limitations which, in the opinion of Bond Counsel, apply to the investment of such funds and instruct the Trustee to comply with these limitations.

d) As additional consideration for the purchase of the Bonds 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 Trustee, 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 Bonds, 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 4.06 of the Indenture 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 Issuer, or the Trustee), the Borrower shall (i) deliver to the Trustee a brief written explanation of such failure and any basis for concluding that such failure was innocent and (ii) pay to the Trustee (for deposit to the Rebate Fund) and cause the Trustee 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 4.06 of the Indenture 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 Indenture 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 Bonds, whether by reason of maturity or prior redemption.

g) The Borrower shall not knowingly use or permit the use of any proceeds of Bonds or any funds of the Borrower, directly or indirectly, in any manner, and shall not knowingly take or permit to be taken any other action or actions, which would conflict with the covenants contained herein or in the Regulatory Agreement. The Borrower acknowledges that such covenants are designed for the purpose of ensuring that the Bonds are treated as an obligation described in Section 103(a) of the Code.

h) Notwithstanding any provisions of this Section, if the Borrower shall provide to the Trustee and the Issuer an opinion of Bond Counsel that any specified action required under this Section or Sections 4.06 and 7.09 of the Indenture 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 Bonds, the Trustee, the Issuer and the Borrower may conclusively rely on such opinion in complying with the requirements of this Section and Sections 4.06 and 7.09 of the Indenture and be protected in so doing, and the covenants hereunder shall be deemed to be modified to that extent.

i) The Issuer 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 Bonds 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 Issuer shall have violated these covenants if the interest on any of the Bonds 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 Issuer each hereby elect to apply the requirements of Section 142(d)(1)(B) to the Project. Commencing on the date twelve months after the Closing Date and continuing throughout the remainder of the Qualified Project Period, the Borrower represents, covenants and agrees that no less than 40% of the total number of units of the Project shall be, at all times, rented to and occupied by Low Income Tenants.

k) The Borrower further agrees that it shall not discriminate on the basis of race, creed, color, sex or national origin in the lease, use or occupancy of the Project or in connection with the employment or application for employment of persons for the rehabilitation, operation and management of the Project.

l) The Borrower further covenants that it has not executed and will not execute any other agreement, or any amendment or supplement to any other agreement, with provisions contradictory to, or in opposition to, the provisions hereof and of the Regulatory Agreement and that, in any event, the requirements of this Agreement and the Regulatory Agreement are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith and therewith.

m) The Borrower further covenants that it will not allow any proceeds of the Bonds 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 Bonds 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 Bonds; and provided, further, that amounts invested in the Bond Fund or for an initial temporary period until needed for the governmental purpose of the Bonds shall at no time be considered subject to such restriction.

o) The Borrower covenants and agrees that with regard to the Bond Fund (i) such fund will be depleted at least once a year, except possibly for a carryover amount not to exceed the greater of the previous Bond Year's earnings on the Bond Fund or one-twelfth of the previous Bond Year's debt service requirements on the Bonds; (ii) all amounts deposited to such fund will be spent within 13 months of deposit; and (iii) all amounts received from investment of such fund will be deposited therein and will be expended within twelve months of receipt.

p) As of the Closing Date, the Borrower is in compliance with all requirements pertaining to the Borrower set forth in the Issuer'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 Bonds and to assure compliance with the Act and certain additional requirements of the Issuer, the Borrower hereby agrees that it shall, concurrently with or before the execution and delivery of the Bonds, execute and deliver the Regulatory Agreement and shall cause such Regulatory Agreement to be recorded immediately. The Borrower shall comply with each and every term of the Regulatory Agreement, and the Borrower hereby acknowledges that a default under the 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 Regulatory Agreement to be recorded in the appropriate official public records.

r) Within two years of the date of issuance of the Bonds, 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 Bonds within the meaning of Section 147(d)(3) of the Code.

Section 5.02. Access to the Project. The Borrower agrees that the Issuer, the Trustee and their duly authorized agents, attorneys, experts, engineers, accountants and representatives shall have the right to inspect the Project and the rehabilitation thereof at all reasonable times. The Borrower acknowledges that the Issuer shall monitor the rehabilitation of the Project. The Issuer, the Trustee and their duly authorized agents shall also be permitted, at all reasonable times, to examine the books, accounts, contracts, documents, and other papers of the Borrower with respect to the Project which shall all be maintained by the Borrower in reasonable condition and for audit.

Section 5.03. Further Assurances and Corrective Instruments. The Issuer and the 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 for carrying out the expressed intention of this Agreement.

Section 5.04. Issuer and Borrower Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Borrower is required or the Issuer or the Borrower is required to take some action at the request of the other, such approval or such request shall be given in writing both for the Issuer by a duly authorized representative of the Issuer and for the Borrower by a Borrower Representative. The Trustee shall be authorized to act on any such approval or request pursuant to the Indenture.

Section 5.05. Financing Statements. The Borrower shall execute and file, or shall cause to be executed and filed any and all financing statements, or any amendments thereof or continuation statements thereto, to perfect the security interests granted in the Indenture, in the manner prescribed in the Indenture. The Borrower shall pay all costs of filing such instruments and any fees and expenses (including reasonable attorney's fees) associated therewith. The Issuer and the Trustee shall have no responsibility for the filing, perfection or continuation of any security interest created hereunder or under the Indenture.

Section 5.06. Borrower Receipt of Insurance or Condemnation Proceeds. In the event the Borrower receives any proceeds of insurance or any condemnation awards with respect to the Project, the Borrower shall promptly upon receipt remit all such insurance proceeds or condemnation awards to the Lender to the extent required by the Mortgage Loan Documents. Such proceeds shall be used to either reduce the indebtedness evidenced by the Mortgage Loan Documents or to repair or restore the loss caused to the Project pursuant to the terms and conditions of the Mortgage Loan Documents.

Section 5.07. Borrower's Obligations Upon Tender of Bonds. If any tendered Bond is not remarketed on any Mandatory Tender Date and a sufficient amount is not available in the Collateral Fund, the Negative Arbitrage Account of the Bond Fund, or the Project Fund as provided in Section 3.01(e) of the Indenture for the purpose of paying the purchase price of such Bond, the Borrower will cause to be paid to the Trustee by the applicable times provided in the Indenture, an amount equal to the amount by which the principal amount of all Bonds tendered and not remarketed, together with interest accrued to the Mandatory Tender Date, exceeds the amount otherwise available pursuant to Section 3.01(e) of the Indenture.

Section 5.08. Option to Terminate. The Borrower shall have the option to cancel or terminate this Agreement at any time when (a) the Indenture shall have been released in accordance with its provisions, and (b) sufficient money or security acceptable to the Issuer and the Trustee are on deposit with the Trustee or the Issuer, or both, to meet all Loan Payments due or to become due through the date on which the last of the Bonds is then scheduled to be retired or redeemed and (c) the Mortgage Loan shall be repaid in full. Such option shall be exercised by the Borrower, with approval of the Investor Limited Partner (which shall not be unreasonably withheld, conditioned or delayed), giving the Issuer and the Trustee five (5) days' notice in writing of such cancellation or termination and such cancellation or termination shall become effective at the end of such notice period. The provisions of this Section shall not be deemed to permit a prepayment of the Note other than in accordance with its terms.

Section 5.09. Prepayment. Provided no Event of Default shall have occurred or be continuing, at any time the Bonds are subject to optional redemption in accordance with applicable provisions of the Indenture, the Borrower may prepay the Loan by directing the Issuer in writing to direct the Trustee to call Bonds for optional redemption in whole or in part in accordance with the applicable provisions of Section 3.05 of the Indenture providing for optional redemption at the price stated in the Indenture, from amounts held in the Collateral Fund, the Project Fund and the Bond Fund provided such amounts are sufficient to pay the redemption price of the Bonds in full.

Section 5.10. Reporting Requirements of the Borrower; TDHCA Reports. The Borrower will furnish to the Issuer 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 Issuer or the Borrower throughout the term of this 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 Issuer (or at the Issuer's written request, to the Texas Department of Housing and Community Affairs) no later than July 15 of each year, beginning July 15, 2027, 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 5.11. 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 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 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 Regulatory Agreement.

Section 5.12. Qualified Tenants; Maximum Allowable Rents. During the Qualified Project Period (as such term is defined in the 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%) or more 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 5.12 shall remain in full force and effect for the Qualified Project Period.

Section 5.13. No Unconstitutional Use of Bond Proceeds. The Borrower covenants that Bond 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 Issuer will rely on this covenant in making a certification to the Texas Attorney General with respect to compliance with the foregoing requirements.

ARTICLE VI

RESTRICTION ON TRANSFER; ASSIGNMENT, SELLING, LEASING; INDEMNIFICATION

Section 6.01. Restriction on Transfer; Removal of General Partner. (a) Except as otherwise provided for herein, the Borrower will not, directly or indirectly, by operation of law or otherwise, sell, assign, grant a deed of trust, pledge, hypothecate, transfer or otherwise dispose of the Project or any interest in the Project (except for apartment leases and utility easements), and will not encumber, alienate, hypothecate, grant a security interest in or grant any other ownership or control interest whatsoever in the Project, in the leases or in the rents, issues and profits therefrom.

(b) No interest in the Borrower and no ownership interest in the General Partner may be sold, conveyed, transferred, assigned, pledged or otherwise transferred, in whole or in part, directly or indirectly, by operation of law or otherwise other than the transfer of interests after the parties have paid all installments of the equity contribution required to be delivered to the Trustee pursuant to the Partnership Agreement.

(c) Notwithstanding anything contained in the subsections above, each of the following transactions are hereby deemed to be expressly permitted hereunder:

(i) Issuance of partnership interests in the Borrower equal to 99.99% of the profits, losses, credits, distributions and other interests in the Borrower to the Investor Limited Partner;

(ii) The transfer by the Investor Limited Partner of the partnership interests in the Borrower to any other entity which is an Affiliate of the Investor Limited Partner or which is controlled by or under common control with the Investor Limited Partner or an Affiliate;

(iii) The transfer by the Investor Limited Partner of the partnership interests in the Borrower to any other entity which is not an Affiliate of the Investor Limited Partner or which is not controlled by the Investor Limited Partner with the prior written consent of the Issuer in its sole and absolute discretion, after thirty (30) days written notice to the Issuer of the intent to transfer;

(iv) The pledge and encumbrance of the interests of the Investor Limited Partner to or for the benefit of any financial institution which enables the Investor Limited Partner to make its capital contributions to the Borrower and any subsequent realization by any such lender upon the interests of the Investor Limited Partner in the Borrower;

(v) Following the occurrence of an Event of Default or in accordance with Subparagraph (k) of this Section, the removal of the General Partner and/or the Class B Limited Partner by the Investor Limited Partner pursuant to the terms of the Partnership Agreement of the Borrower and the replacement of the General Partner and/or the Class B Limited Partner with the Investor Limited Partner or an Affiliate of the Investor Limited Partner;

(vi) The pledge or encumbrance of the partnership interests in the Borrower owned by the General Partner or Class B Limited Partner to the extent required by the Mortgage Loan Documents or the Borrower's organizational documents;

(vii) A change in the beneficial ownership of the Investor Limited Partner, so long as each such entity remains controlled or under common control with Wells Fargo Bank, National Association or an Affiliate thereof; and

(viii) The Borrower may amend the Partnership Agreement to effect the transfers and removals permitted under this paragraph (c).

Except as otherwise provided, the Borrower shall provide written notice to the Issuer and the Trustee of any transfer or amendment pursuant to this paragraph (c) at least fifteen (15) days prior to such transfer.

(d) The Borrower will not become a party to any merger or consolidation, or agree to effect any asset acquisition or stock acquisition.

(e) The Borrower will not convert the ownership of the Project into condominium or cooperative housing corporation form of ownership other than a limited equity cooperative that is a qualified cooperative housing corporation as defined in Section 143(k)(9) of the Code.

(f) The Borrower will not seek the dissolution or winding up, in whole or in part, of the Borrower or voluntarily file, or consent to the filing of, a petition for bankruptcy, reorganization, or assignment for the benefit of creditors or similar proceedings.

(g) The Borrower will not enter into any arrangement, directly or indirectly, whereby the Borrower shall sell or transfer any property owned by it in order then or thereafter to lease such property or lease other property that the Borrower intends to use for substantially the same purpose as the property being sold or transferred without the prior written consent of the Issuer in its sole and absolute discretion.

(h) The Borrower will not take any action that would adversely affect the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation nor omit or fail to take any action required to maintain the exclusion of interest on the Bonds from gross income, for purposes of federal income taxation.

(i) This Agreement may not be assigned, sold, transferred or otherwise disposed of by the Borrower without the prior written consent of the Issuer (which consent shall be within the reasonable discretion of the Issuer), subject to each of the following conditions:

> (i) No such assignment will relieve the Borrower from primary liability for any of its obligations hereunder (unless the Issuer agrees in writing to release the Borrower) and in the event of any such assignment, the Borrower will continue to remain primarily liable for payment of its obligations hereunder and for performance and observance of the other covenants and agreements on its part herein provided.

> (ii) No such assignment will, in the opinion of Bond Counsel (all such expenses related to such opinion shall be paid by the Borrower), impair the excludability of interest on the Bonds from gross income for purposes of federal income taxation.

> (iii) The assignee will assume in writing the obligations of the Borrower hereunder to the extent of the interest assigned in a form acceptable to the Issuer (the *"Assumption Agreement"*).

> (iv) Prior to any such assignment, the Borrower will, furnish or cause to be furnished to the Issuer and the Trustee an executed original of the Assumption Agreement.

(j) The Borrower shall maintain its existence, not dissolve or sell, transfer or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it; *provided* that it may do so if the surviving, resulting or transferee entity is other than the Borrower, it assumes in writing all of the obligations of the Borrower under the Borrower Documents and the Mortgage Loan Documents and it has a net worth equal to or greater than that of the Borrower immediately prior to such consolidation, merger, sale or transfer. The Borrower shall not permit one or more other entities to consolidate with or merge into it; or take any action or allow any action to be taken to terminate the existence of the Borrower except as provided herein. No sale, assignment or transfer of title to the Project, except as may be otherwise required by the Lender, shall be made unless (a) the Lender consents to such assignment or transfer, (b) the transferee or assignee, as the case may be, assumes all the duties of the Borrower under the Borrower Documents and the Mortgage Loan Documents, *provided* that such assumption may contain an exculpation of the assignee from personal liability with respect to any obligation hereunder, except the Borrower's obligation to indemnify the Issuer and the Trustee and reimburse the Issuer and the Trustee for the fees and expenses of the Issuer and the Trustee, and (c) no Event of Default as certified in writing to the

Issuer and the Trustee by the Borrower shall have occurred and be continuing under the Indenture or this Agreement. The Issuer shall consent to any such assignment or transfer if (i) the Lender notifies it in writing that the aforesaid condition (a) is satisfied, (ii) the Issuer and the Trustee receives an Opinion of Bond Counsel to the effect that such transfer or assignment would not adversely affect the federal tax status of the Bonds, and (iii) the Trustee receives written confirmation from the Rating Agency that such transfer or assignment will not result in a withdrawal or reduction in any rating on the Outstanding Bonds by the Rating Agency (if the Bonds are then rated by the Rating Agency). Upon the assumption of the duties of the Borrower by an assignee as provided herein, the outgoing Borrower shall be released from all executory obligations so assumed; *provided, however,* the Borrower shall not be released from its obligation to pay or reimburse the fees and expenses of the Issuer and the Trustee and to indemnify the Trustee and the Issuer without the express written consent of the Trustee and the Issuer, as applicable, which consent shall not be unreasonably withheld. Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Mortgage Loan Documents.

(k) Nothing contained in this Section shall be construed to supersede any provisions regarding assignment and transfer of the Project contained in the Mortgage Loan Documents. Notwithstanding anything to the contrary contained herein or in any other Borrower Documents or the Mortgage Loan Documents, and subject to the consent of the Lender if required by the Mortgage Loan Documents, the following shall be permitted and shall not require the prior written approval of the Issuer or the Trustee, (a) the removal of the General Partner of the Borrower in accordance with the Borrower Documents and the Mortgage Loan Documents and the replacement thereof with the Investor Limited Partner or any of its Affiliates, (b) the transfer of ownership interests in the Investor Limited Partner, (c) upon the expiration of the tax credit compliance period, the transfer of the interests of the Investor Limited Partner in the Borrower to the Borrower's Class B Limited Partner or any of its Affiliates, and (d) any amendment to the Borrower Documents or the Mortgage Loan Documents to memorialize the transfers or removal described above. The parties agree that this section shall control to the extent of any conflict in any Borrower Documents or Mortgage Loan Documents.

Section 6.02. Indemnification by Borrower and Class B Limited Partner.

(a) *Indemnification of Issuer and Sponsoring Political Subdivision.* (i) TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, THE BORROWER AND THE CLASS B LIMITED PARTNER (THE *"INDEMNITORS"*) COVENANTS AND AGREES TO PROTECT, INDEMNIFY AND SAVE THE ISSUER, THE SPONSORING POLITICAL SUBDIVISION AND THEIR RESPECTIVE DIRECTORS, OFFICERS, OFFICIALS, AGENTS OR EMPLOYEES (EACH, AN *"ISSUER 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 *"ISSUER INDEMNITY LIABILITIES"*), BY OR ON BEHALF OF ANY PERSON ARISING IN ANY MANNER FROM THE TRANSACTION OF WHICH THIS 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 AGREEMENT; (II) ANY BREACH OR DEFAULT ON THE PART OF BORROWER IN THE PERFORMANCE OF ANY OF ITS OBLIGATIONS UNDER THIS

AGREEMENT (OTHER THAN A FAILURE TO PAY THE PRINCIPAL OF, AND ANY INTEREST AND PREMIUM ON, THE NOTE OR THE BONDS); (III) ANY CLAIM OR CAUSE OF ACTION AGAINST THE ISSUER THAT SEEKS TO IMPOSE LIABILITY ON THE ISSUER WITH RESPECT TO THE BONDS, THIS AGREEMENT, THE REGULATORY AGREEMENT, THE TAX CERTIFICATES OR THE INDENTURE WHICH EXCEEDS THE LIABILITY OF ISSUER AS SET FORTH IN SECTION 8.04 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 NOTE OR THE BONDS; 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 ISSUER INDEMNIFIED PARTY, THE BORROWER SHALL DEFEND THE ISSUER INDEMNIFIED PARTIES IN ANY ACTION OR PROCEEDING BROUGHT IN CONNECTION WITH ANY OF THE ABOVE, AND PROVIDE COMPETENT COUNSEL REASONABLY SATISFACTORY TO THE ISSUER; *PROVIDED, HOWEVER,* THAT THE ISSUER SHALL HAVE THE ABSOLUTE RIGHT TO EMPLOY SEPARATE COUNSEL IN ANY ACTION DESCRIBED IN THE PRECEDING SENTENCE AT THE EXPENSE OF THE BORROWER;

(ii) IT IS THE INTENTION OF THE PARTIES HERETO THAT THE ISSUER INDEMNIFIED PARTIES SHALL NOT INCUR PECUNIARY LIABILITY BY REASON OF THE TERMS OF THIS AGREEMENT OR BY REASON OF THE UNDERTAKINGS REQUIRED OF THE ISSUER AND ITS DIRECTORS, OFFICERS, AGENTS AND EMPLOYEES HEREUNDER IN CONNECTION WITH THE ISSUANCE OF THE BONDS, INCLUDING BUT NOT LIMITED TO THE EXECUTION AND DELIVERY OF THE INDENTURE, THIS AGREEMENT, THE REGULATORY AGREEMENT, THE TAX CERTIFICATES, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION; THE PERFORMANCE OF ANY ACT REQUIRED OF THE ISSUER INDEMNIFIED PARTIES, BY THIS AGREEMENT; OR THE PERFORMANCE OF ANY ACT REQUESTED OF THE ISSUER INDEMNIFIED PARTIES BY BORROWER OR IN ANY WAY ARISING FROM THE TRANSACTION OF WHICH THIS 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 INDENTURE, THIS AGREEMENT, THE REGULATORY AGREEMENT, THE TAX CERTIFICATES, AND ALL OTHER INSTRUMENTS AND DOCUMENTS REQUIRED TO CLOSE THE TRANSACTION. NEVERTHELESS, IF THE ISSUER 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 THE ISSUER 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 THE ISSUER, BORROWER SHALL DEFEND THE ISSUER INDEMNIFIED PARTIES IN ANY SUCH ACTION OR PROCEEDING, AND PROVIDE COUNSEL SATISFACTORY TO THE ISSUER OR THE SPONSORING POLITICAL SUBDIVISION AND BORROWER SHALL PAY THE ISSUER'S OR SPONSORING POLITICAL SUBDIVISION'S EXPENSES INCLUDING PAYMENT OF THE FEES AND EXPENSES OF THE COUNSEL USED BY THE ISSUER OR SPONSORING POLITICAL SUBDIVISION; *PROVIDED, HOWEVER,* THAT THE ISSUER 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 6.02(a) TO THE CONTRARY, THE ISSUER INDEMNIFIED PARTIES SHALL BE INDEMNIFIED BY BORROWER WITH RESPECT TO LIABILITIES

ARISING FROM THE ISSUER'S OR SPONSORING POLITICAL SUBDIVISION'S OWN GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY, BUT NOT FOR ANY LIABILITIES ARISING FROM THE ISSUER'S OR SPONSORING POLITICAL SUBDIVISION'S OWN BAD FAITH, FRAUD OR WILLFUL MISCONDUCT.

NOTWITHSTANDING ANYTHING ELSE IN THIS AGREEMENT TO THE CONTRARY, EXCEPT FOR THE PROVISIONS OF SECTION 6.02(a)(iii), BORROWER SHALL BE RESPONSIBLE FOR THE REASONABLE FEES, COSTS AND EXPENSES OF COUNSEL TO THE ISSUER AT ALL TIMES; *PROVIDED* THAT THE ISSUER MAINTAINS CONTROL OF THE SELECTION OF ITS COUNSEL AT ALL TIMES.

THIS INDEMNIFICATION COVENANT SHALL SURVIVE REPAYMENT OF THE NOTE AND THE BONDS.

(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 THE ISSUER PURSUANT HERETO AND UNDER LAW OR EQUITY, INCLUDING, BUT NOT LIMITED TO, THE ISSUER'S RIGHTS UNDER THE REGULATORY AGREEMENT, TO THE FULLEST EXTENT PERMITTED BY LAW, THE INDEMNITORS AGREE TO INDEMNIFY, HOLD HARMLESS AND DEFEND THE TRUSTEE AND ITS OFFICERS, 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 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 BONDS.

(ii) ANY ACT OR OMISSION OF BORROWER OR ANY OF ITS AGENTS, CONTRACTORS, SERVANTS, EMPLOYEES OR LICENSEES IN CONNECTION WITH THE 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 OR CHARGE UPON PAYMENTS BY BORROWER TO THE ISSUER OR THE TRUSTEE HEREUNDER, OR ANY TAXES (INCLUDING, WITHOUT LIMITATION, ALL AD VALOREM

TAXES AND SALES TAXES), ASSESSMENTS, IMPOSITIONS AND OTHER CHARGES IMPOSED ON THE ISSUER OR THE TRUSTEE IN RESPECT OF ANY PORTION OF THE PROJECT (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 THE ISSUER OR THE TRUSTEE RELATED TO REMEDIES UNDER THIS AGREEMENT, THE INDENTURE OR ANY OTHER 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 BONDS OR ANY OF THE 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 BONDS 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 BONDS OR ALLEGATIONS (OR REGULATORY INQUIRY) THAT INTEREST ON THE BONDS IS INCLUDIBLE 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 BONDS.

(x) THE TRUSTEE'S ACCEPTANCE OR ADMINISTRATION OF THE TRUSTS CREATED BY THE INDENTURE, OR THE EXERCISE OR PERFORMANCE OF ANY OF ITS POWERS OR DUTIES UNDER THE INDENTURE OR UNDER ANY OF THE DOCUMENTS RELATING TO THE BONDS TO WHICH IT IS A PARTY; EXCEPT IN THE CASE OF THE FOREGOING INDEMNIFICATION OF THE TRUSTEE, OR ANY OF ITS RESPECTIVE OFFICERS, MEMBERS, DIRECTORS, OFFICIALS, EMPLOYEES, ATTORNEYS AND AGENTS, TO THE EXTENT SUCH LOSSES ARE FINALLY ADJUDICATED BY A COURT OF COMPETENT JURISDICTION TO BE DIRECTLY CAUSED BY THE 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, the Indemnitors, 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 the Indemnitors 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) *Indemnitors to Remain Obligated*. Notwithstanding any transfer of the Project to another owner in accordance with the provisions of this Agreement, the Mortgage Loan Documents and the Regulatory Agreement, Borrower shall remain obligated to indemnify each Indemnified Party pursuant to this Section 6.02 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 6.02 (including obligations under this Section 6.02 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 Documents.

(e) Failure of an Indemnified Party to provide notification to the Indemnitors required under this Section shall not operate as a waiver of the Indemnitors' indemnification obligations in this Section.

(f) The obligations of the Indemnitors under this Section are joint and several, and are in addition to and shall not be limited by the provisions of Section 8.03 hereof and shall survive the termination of this Agreement and the resignation or removal of the Trustee.

Section 6.03. Issuer to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title and interest in and to this Agreement and the Note, except for Reserved Rights of the Issuer.

ARTICLE VII

DEFAULTS AND REMEDIES

Section 7.01. Defaults Defined. The following shall be "Defaults" under this Agreement and the term "Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Borrower to pay any amount required to be paid under subsection (a) or (b) of Section 4.02 hereof.

(b) Failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed herein other than as referred to in subsection (a) of this Section or failure by the Borrower to observe and perform any covenant, condition or agreement on its part to be observed or performed in the Borrower's Tax Letter of Representation, for a period of sixty (60) days after written notice, specifying such failure and requesting that it be remedied, will have been given to the Borrower and the Investor Limited Partner by the Issuer or the Trustee; *provided,* with respect to any such failure covered by this subsection (b), no event of default will be deemed to have occurred so long as a course of action adequate to remedy such failure will have been commenced within such 60-day period and will thereafter be diligently prosecuted to completion and the failure will be remedied thereby.

(c) The dissolution or liquidation of the Borrower, or the voluntary initiation by the Borrower of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Borrower of any such proceeding which shall remain undismissed for ninety (90) days, or failure by the Borrower to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Borrower to carry on its operations at the Project, or assignment by the Borrower for the benefit of creditors, or the entry by the Borrower into an agreement of composition with its creditors or the failure generally by the Borrower to pay its debts as they become due.

(d) The occurrence of an Event of Default under the Indenture (other than under Section 9.01(d) of the Indenture).

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of *force majeure* it is impossible for the Borrower in whole or in part, despite its best efforts, to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Borrower shall not be deemed in Default during the continuance of such inability. Such *force majeure* event does not affect any obligations of the Borrower other than the timing of performance of such obligations. The term *"force majeure"* as used herein shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; terrorism; landslides; earthquakes; fires; storms; droughts; floods; explosions; and events not reasonably within the control of the Borrower. The Borrower agrees, however, to use its best efforts to remedy with all reasonable dispatch the cause or causes preventing the Borrower from carrying out its agreement. The settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Borrower and the Borrower shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Borrower unfavorable to the Borrower.

Section 7.02. Remedies on Default. Whenever any Default referred to in Section 7.01 hereof shall have happened and be continuing beyond the expiration of any applicable cure period, the Trustee, or the Issuer (in the event the Trustee fails to act), may take one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.01 of the Indenture, by written notice to the Borrower, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable, whereupon the same shall become immediately due and payable; and

(b) Take whatever action at law or in equity may appear necessary or desirable to collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Borrower under this Agreement, the Note, the Regulatory Agreement or any other Document in the event of default thereunder.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 7.03. No Remedy Exclusive. Subject to Section 9.01 of the Indenture, no remedy herein conferred upon or reserved to the Issuer or the Trustee 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 Agreement, the Regulatory Agreement or the Note, 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 Default shall impair any such right or power nor shall it be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the Trustee and the Holders of the Bonds, subject to the provisions of the Indenture, including, but not limited to the Reserved Rights of the Issuer, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 7.04. Agreement to Pay Attorneys' Fees and Expenses. In the event the Borrower should cause an Event of Default to occur under any of the provisions of this Agreement or under the Note, and the Issuer and/or the Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or under the Note, or the enforcement of performance or observance of any obligation or agreement on the part of the Borrower contained herein or in the Note, the Borrower and the Class B Limited Partner agree that they will on demand therefor pay to the Issuer and the Trustee, as the case may be, the fees and expenses of such attorneys and such other expenses so incurred by the Issuer and/or the Trustee. This Section 7.04 will continue in full force and effect notwithstanding the full payment of the obligations under the Agreement or the termination of this Agreement for any reason.

Section 7.05. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, 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. Right to Cure. Notwithstanding anything herein to the contrary, if the Borrower shall, for whatever reason, at any time fail to pay any amount or perform any act which it is obligated to pay or perform and, as a result a Default or Event of Default occurs or may occur, the Investor Limited Partner shall have the right to perform such act or pay such amount on behalf of the Borrower and thereby cure or prevent such Default or Event of Default, provided such Default or Event of Default is cured within any applicable cure period or grace period provided herein to the Borrower.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Term of Agreement. Subject to Sections 2.12(b) and 11.07 of the Indenture, this Agreement shall remain in full force and effect from the date hereof until such time as all of the Bonds and all amounts payable hereunder and under the Indenture shall have been fully paid or provision made for such payments, whichever is later, *provided* that all representations and certificates of the Borrower and the Class B Limited Partner as to matters affecting the tax-exempt status of the Bonds, and the provisions of Sections 3.08, 6.02 and 7.04 hereof shall survive termination of this Agreement.

Section 8.02. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, overnight courier, or electronic means, addressed to each party's Notice Address. A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Borrower shall also be given to the Trustee. The Issuer, the Borrower, the Investor Limited Partner and the Trustee may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

With regard to copies of all notices which are sent to the Borrower under the terms of the Loan Documents, the Issuer and the Trustee shall send a courtesy copy to the Investor Limited Partner at: [____________] Attention: [__________]; *provided, however*, that any failure to give a duplicate copy of any such communication shall not invalidate any Notice given hereunder.

Section 8.03. Nonrecourse Liability of Borrower. From and after the date of this Agreement, (i) the liability of the Borrower and its partners, including the Class B Limited Partner and its members, under this Agreement shall be limited to the Project Fund and the Collateral Fund, and the Issuer and the Trustee shall look exclusively thereto or to such other security as may from time to time be given or have been given for payment of the Bonds, and any judgment rendered against the Borrower or its partners, including the Class B Limited Partner, under this Agreement shall be limited to amounts held under the Project Fund and the Collateral Fund; and (ii) no deficiency or other personal judgment shall be sought or rendered against the Borrower or the Class B Limited Partner or their respective members, officers, successors, transferees or assigns, in any action or proceeding arising out of this Agreement, or any judgment, order or decree rendered pursuant to any such action or proceeding; *provided, however,* that nothing herein shall limit the Issuer's or the Trustee's ability to exercise any right or remedy with respect to any property pledged or granted to the Issuer or any trustee under this Agreement, or both, or to exercise any right against the Borrower or the Class B Limited Partner, on account of any claim for fraud and deceit, and against any other person or entity on account of any claim for fraud and deceit. Notwithstanding anything herein to the contrary, nothing in this Section shall limit the rights of indemnification against the Borrower and the Class B Limited Partner pursuant to Sections 6.02 and 7.04 hereof, each of which shall be recourse obligations of the Borrower and Class B Limited Partner. Furthermore, notwithstanding anything to the contrary, the Borrower and the Class B Limited Partner shall be fully liable for: (1) amounts payable to the Issuer constituting Reserved Rights of the Issuer, (2) any amount due and owing as a result of any calculation or determination which may be required in connection with the Bonds for the purpose of complying with Section 148 of the Code (including rebate liability) or any applicable Treasury regulation, and (3) the indemnification and the payment obligations to the Issuer under Sections 6.02 and 7.04.

The limit on the Borrower's and the Class B Limited Partner's liability set forth in this Section shall not, however, be construed, and is not intended to in any way, to (i) constitute a release, in whole or in part, of the indebtedness evidenced by this Agreement; or (ii) constitute a release, in whole or in part, or an impairment of the security interest; or (iii) in case of any default or enforcement of any other right of the Issuer under this Agreement, alter, limit or affect the liability of any person or party who may now or hereafter or prior hereto guarantee, or pledge, grant or assign its assets or collateral as security for, the obligations of the Borrower under this Agreement.

Notwithstanding anything contained in this Agreement to the contrary, neither the Issuer nor the Trustee may assert any claim arising hereunder against the Borrower's interest in the Project, any reserve or deposit made with the Lender, or in the rents or other income of the Project for the payment of any charge due hereunder except to the extent available from then currently available "Surplus Cash" as that term is defined in the Partnership Agreement.

The provisions of this Section shall survive the termination of this Agreement.

Section 8.04. *No Liability of Issuer*. The Issuer shall not be obligated to pay the principal of, premium, if any or interest on the Bonds, except from Revenues and other money and assets received by the Trustee on behalf of the Issuer pursuant to this Agreement. Neither the faith and credit nor the taxing power of the State or any political subdivision thereof, nor the faith and credit of the Issuer or any member is pledged to the payment of the principal of, premium, if any or interest on the Bonds. The Issuer shall not be liable for any costs, expenses, losses, damages, claims or actions, of any conceivable kind on any conceivable theory, under or by reason of or in connection with this Agreement, the Bonds or the Indenture, except only to the extent amounts are received for the payment thereof from Borrower under this Agreement.

The Borrower hereby acknowledges that the Issuer's sole source of money to repay the Bonds will be provided by the payments made by Borrower pursuant to this Agreement, together with investment income on certain funds and accounts held by the Trustee under the Indenture, and hereby agrees that if the payments to be made hereunder shall ever prove insufficient to pay all principal of, premium, if any and interest on the Bonds as the same shall become due (whether by maturity, prepayment, acceleration or otherwise), then upon notice from the Trustee, the Borrower shall pay such amounts as are required from time to time to prevent any deficiency or default in the payment of such principal of, premium, if any or interest, including, but not limited to, any deficiency caused by acts, omissions, nonfeasance or malfeasance on the part of the

Trustee, the Borrower, the Issuer or any third party, subject to any right of reimbursement from the Issuer, the Trustee or any such third party, as the case may be, therefor.

No recourse under or upon any obligation, covenant, or agreement or in the Bonds, or under any judgment obtained against the Issuer, 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 the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, of any sum that may be due and unpaid by the Issuer upon the Bonds. 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 the Issuer or any receiver thereof, of any sum that may remain due and unpaid upon the Bonds, is hereby expressly waived and released as a condition of and consideration for the execution of this Agreement and the issuance of the Bonds.

Section 8.05. Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Borrower, the Trustee, the Holders of Bonds and their respective successors and assigns.

Section 8.06. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 8.07. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund, the Project Fund, the Collateral Fund or any other fund (other than the Rebate Fund) created under the Indenture upon expiration or earlier termination of this Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture) and the fees and expenses of the Trustee and the Issuer in accordance with the Indenture, shall belong to and be paid to the Borrower by the Trustee so long as those remaining amounts do not constitute Bond Proceeds.

Section 8.08. Amendments, Changes and Modifications. Subsequent to the issuance of the Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee, and in accordance with the provisions of the Indenture, particularly Article XI of the Indenture.

Section 8.09. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 8.10. *Applicable Law*. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 8.11. *Captions*. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

Section 8.12. *Mortgage Loan Documents Independent*. Failure of the Issuer or the Borrower to comply with any of the covenants set forth in this Agreement, the Indenture or the other Borrower Documents will not serve as a basis for default on the Mortgage Loan, the underlying mortgage, or any of the other Mortgage Loan Documents.

To the extent not otherwise set forth above in this Section 8.12, the provisions of Section 12.09 of the Indenture are incorporated herein by reference to the same extent as if set forth herein in full.

Section 8.13. *[Reserved]*.

Section 8.14. *Use of Proceeds of the Bonds.* Notwithstanding anything contained in any of the documents executed in connection with the issuance of Bonds to the contrary, all of the proceeds of the Bonds shall, for federal income tax purposes, be (i) allocated on a pro rata basis to the building in the Project and the land on which such building is located and (ii) used exclusively to pay costs of the acquisition or rehabilitation of the Project which are includible in the aggregate basis of any building and the land on which the building is located (*"Eligible Costs"*) in a manner such that each building satisfies the requirements of Section 42(h)(4)(B) of the Code. No proceeds of the Bonds will be deemed or considered to have been used to pay any of the costs of the issuance of Bonds, or to fund any reserve accounts other than a Project Fund Account to be used to pay Eligible Costs.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the Issuer and the Borrower have caused this Agreement to be executed in their respective official names, all as of the date first above written.

MCKINNEY HOUSING FINANCE CORPORATION

By:______________________________________
Tyler Underwood, President

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

EXHIBIT A

PROJECT DESCRIPTION

Multifamily rental housing development of approximately 240 multifamily rental housing units located at 2000 Skyline Drive, McKinney, Texas 75071, known as Skyway Villas.

EXHIBIT B

FORM OF PROMISSORY NOTE

PROMISSORY NOTE

$[46,000,000] August [__], 2026

FOR VALUE RECEIVED, SKYWAY VILLAS (TX) OWNER LP, a State of Texas limited partnership (the *"Borrower"*), promises to pay to the MCKINNEY HOUSING FINANCE CORPORATION (the *"Issuer"*), or its order, the principal sum of [FORTY SIX MILLION] AND NO/100 DOLLARS ($[46,000,000].00) (the *"Loan"*) or so much of that sum as may be advanced by the Issuer under the Loan Agreement of even date herewith executed between the Borrower and the Issuer (the *"Loan Agreement"*) with interest payable as set forth below.

Borrower promises to pay to the Issuer the principal sum of this Note, together with interest at the rate of [____]% per annum (the *"Initial Interest Rate"*), and all assessments, taxes and premiums as follows:

One business day preceding each [_____]1 and [_____] 1 of each year, beginning on the business day preceding [_____] 1, 202[__], to and including the business day preceding [_______] (the *"Initial Mandatory Tender Date"*), the Borrower shall pay to the Issuer interest on the outstanding principal balance of the Loan at the Initial Interest Rate and thereafter the Remarketing Rate (as defined in the Indenture).

(a) The entire principal balance of the Note, plus any accrued but unpaid interest to and including September 1, 2044 (the *"Maturity Date"*), shall be due and payable one business day preceding the Maturity Date, unless previously called for redemption.

(b) Payments made by UMB Bank, N.A. (the *"Trustee"*), as trustee for the Issuer's Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026 (the *"Bonds"*) to the holders of the Bonds, from funds available under the Trust Indenture for the Bonds dated as of August 1, 2026 (the *"Indenture"*) between the Issuer and the Trustee, will be credited against the Borrower's obligation to pay interest and principal under this Note. The Borrower shall be obligated to pay any deficiency between amounts due under this Note and amounts paid to bondholders by the Trustee pursuant to the Indenture.

(c) If any installment of interest, principal, or any other payment due under this Note is not paid within 10 days from the date that the installment or payment is due, the Borrower promises to pay to the Issuer a "late charge" equal to 5% of the aggregate monthly payment required by this Note.

(d) This Note is secured by (i) funds deposited into the Bond Fund, the Project Fund and the Collateral Fund created pursuant to Section 4.01 of the Indenture, and (ii) the Trust Estate (as defined in the Indenture).

(e) Upon an Event of Default, as defined in the Indenture, the unpaid principal, together with all accrued interest thereon, and all other sums due and payable shall, at the option of the holder of this Note, become immediately due and payable. Failure to exercise this option shall not constitute a waiver of the right to exercise this option in the event of any subsequent Event of Default.

(f) As to this Note and any other documents or instruments evidencing or securing the Loan (the *"Loan Documents"*), the Borrower and all guarantors, if any, severally waive all applicable exemption rights, whether under any state constitution, homestead laws or otherwise, and also severally waive valuation and appraisement, presentment, protest and demand, notice of protest, demand and dishonor and nonpayment of this Note, and expressly agree that the maturity of this Note, or any payment under this Note, may be extended from time to time without in any way affecting the liability of the Borrower and all guarantors.

(g) All payments due under this Note shall be made during regular business hours at the Designated Office (as defined in the Indenture) of the Trustee or at any other place that the Issuer may designate in writing, and shall be made in coin or currency of the United States of America which at the time of payment is legal tender for the payment of public or private debts.

(h) The Borrower represents and warrants that it is a limited partnership within the meaning set forth in the Texas Statutes, Chapter 153, as amended (the *"Texas Code"*) and further represents and warrants that the Loan evidenced by this Note was made and transacted solely for the purpose of carrying on or acquiring a business or commercial enterprise within the meaning of the Texas Code.

(i) Neither the Borrower, nor any partner, officer or director of the Borrower, shall have any personal liability for principal or interest payments or any other payments due under this Note, except as provided in Section 8.03 of the Loan Agreement.

(j) The Borrower hereby acknowledges that, pursuant to the Indenture, the Issuer is assigning to the Trustee all of the Issuer's right, title, and interest in and to this Note and the Loan Agreement, exclusive of the Reserved Rights of the Issuer, to be held under the Indenture as part of the Trust Estate. Such assignment is being made as security for the payment of the Bonds of the Issuer. All of the terms, conditions and provisions of the Indenture are, by this reference thereto, incorporated herein as part of this Note.

It is agreed that except as provided in Section 8.03 of the Loan Agreement, the execution of this Note shall impose no personal liability on the maker or any member hereof for payment of the indebtedness evidenced hereby and in the Event of a Default, the holder of this Note shall look solely to the (i) Bond Fund, Project Fund, and Collateral Fund created pursuant to Section 4.01 of the Indenture, and (ii) the Trust Estate (as defined in the Indenture) in satisfaction of the indebtedness evidenced hereby and will not seek or obtain any deficiency or personal judgment against the maker hereof except such judgment or decree as may be necessary to foreclose and bar its interest in the property and all other property mortgaged, pledged, conveyed or assigned to secure payment of this Note.

Enforcement of the covenants in this Note 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 proceeds of the Mortgage Loan, any reserves or deposits required by the Lender in connection with the Mortgage Loan, or the rents or deposits or other income of the Project.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Borrower has caused this Note to be executed and delivered on its behalf on the date first written above.

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

ASSIGNMENT

MCKINNEY HOUSING FINANCE CORPORATION (the *"Issuer"*), hereby irrevocably assigns, without recourse, the foregoing Note (exclusive of the Reserved Rights of the Issuer) to UMB Bank, N.A., as trustee (the *"Trustee"*), under a Trust Indenture dated as of August 1, 2026 (the *"Indenture"*), with the Issuer and hereby directs Skyway Villas (TX) Owner LP to make all payments of principal of, and interest thereon directly to the Trustee at its designated office in Dallas, Texas, or at such other place as the Trustee may direct in writing. Such assignment is made as security for the payment of the Issuer's $[46,000,000] Multifamily Housing Revenue Bonds (Skyway Villas), Series 2026, issued pursuant to the Indenture.

MCKINNEY HOUSING FINANCE CORPORATION

By: ______________________________
Tyler Underwood, President