TCAP WRITTEN AGREEMENT
(Tax Credit Assistance Program)

No. [_____]

This TCAP WRITTEN AGREEMENT (this "**Agreement**") is made and entered into by and between TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas, established by Chapter 2306, Texas Government Code, with a mailing address of 221 East 11th Street, P.O. Box 13941, Austin, Texas 78722-3941 (together with its successors, the "**Department**" or "**TDHCA**") and [_____] (together with its successors and assigns, the "**Development Owner**").

RECITALS

WHEREAS, the Department has entered into a grant agreement with the U.S. Department of Housing and Urban Development ("**HUD**") pursuant to which HUD will provide funds to TDHCA to make available to eligible applicants for capital investments in rental housing developments that receive an Award of Tax Credits under Section 42(h) of the Code pursuant to the Tax Credit Assistance Program ("**TCAP Program**") under Title XII of the Recovery Act;

WHEREAS, the Department is a "designated State housing credit agency" within the meaning of the Recovery Act and has the authority to make a loan of TCAP funds (the "**TCAP Funds**")(IDIS Number: M-09-ES-48-01007) to eligible applicants in accordance with the Program Requirements;

WHEREAS, the Development Owner intends to acquire, develop and operate [_____] on the land described in **Exhibit A**, attached hereto and made a part hereof for all purposes (**"Development Site"**), a rental housing development (the Development Site together with all Improvements located or to be located thereon are collectively referred to as the **"Development"**);

WHEREAS, the Department has awarded Tax Credits pursuant to an allocation or determination of Tax Credits with respect to the Development (the "**Award of Tax Credits**") as more specifically described in the Summary Information Report (the **"Summary"**) attached hereto and incorporated herein by reference for all purposes as **Exhibit D**;

WHEREAS, the Development Owner has provided evidence of a Good Faith Effort to obtain financing commitments from a private equity investor and Lender and has so obtained a commitment from the tax credit investor identified in the Summary (the "**Tax Credit Investor**") to make an equity investment in the Development Owner in the amounts set forth in the Summary in exchange for an allocation of the Tax Credits awarded to the Development;

WHEREAS, the Board adopted Board Resolution No. 09-043 on May 21, 2009 which sets forth, among other things, the policies and procedures by which the Department will implement the TCAP Program and allocate TCAP Funds to eligible applicants (as it may be amended from time to time, the "**TCAP Program Policy**");

WHEREAS, the Development Owner has submitted an Application to the Department for a loan of TCAP Funds to assist in the financing of the Development;

WHEREAS, the Board has made the TCAP Award and authorized the TCAP Loan subject to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth herein, including the Recitals, which are contractual in nature, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties, each intending to be legally bound, hereby agree as follows:

ARTICLE I
DEFINITIONS

Unless the context clearly indicates otherwise, capitalized terms used shall have the meanings ascribed to them in this Agreement; provided that certain capitalized terms used and not defined herein shall have the meanings ascribed to them in or for purposes of Section 42 of the Code and the QAP. In the event of a conflict between Section 42 of the Code and the QAP with respect to the meaning of a defined term, the meaning given by Section 42 of the Code shall control.

"Action Plan" shall have the meaning attributed thereto in Section 4.3B.

"**Agreement**" means this TCAP Written Agreement, including any and all exhibits and subsequent amendments.

"**Applicable Legal Requirements**" means all federal, State and local laws, rules and regulations applicable to the activities and obligations performed by the Development Owner pursuant to this Agreement including, without limitation, the federal laws, orders and regulations specified in Section 5.2E of this Agreement and **Exhibit H**.

"**Application**" means the application with the file number indicated in the Summary, submitted by the Development Owner to the Department in connection with the TCAP Award to the Development, as amended and supplemented from time to time.

"**Asset Manager**" means the Department or its designee.

"**Asset Management Fee**" means the annual per unit fee, from time to time in effect, payable for the services of the Asset Manager pursuant to Article X of this Agreement.

"**Assignment of Construction Documents**" means the agreement by and between the Department and the Development Owner pursuant to which the Development Owner has assigned all of its rights under the Construction Documents to the Department as additional security for performance by the Development Owner of all of its obligations under the TCAP Loan Documents.

"**Assignment of Property Management Agreement"** means the agreement by and between the Department and the Development Owner pursuant to which the Development Owner has assigned all of its rights under the property management agreement to the Department as additional security for performance by the Development Owner of all of its obligations under the TCAP Loan Documents.

"**Authorized Officer**" means an individual certified as being duly authorized and empowered to act on behalf of, as applicable, the Department or the Development Owner. A current list of Authorized Officers for the Development Owner is set forth on **Exhibit K.**

"**Award of Tax Credits**" means the approval by the Board, as described in the Recitals, of an allocation or determination of Tax Credits with respect to the Development during the period commencing on October 1, 2006 and ending on September 30, 2009, as the same may be adjusted based upon the Development Owner's Application for TCAP Funds.

"**Board**" means the governing board of the Department.

"**Budget**" means the sources and uses as evidenced in the Department's underwriting report for the Development attached hereto as **Exhibit B**.

"**Business Day**" means Monday through Friday excluding state and federal holidays.

"**Closing**" means the date on which the TCAP Note and Security Instruments are fully executed by all the parties thereto and delivered to the Department and, if applicable, the TCAP Mortgage is properly recorded in the real property records for the county in which the Development is located, all of which must occur by the first Business Day following six (6) months from the date on which the Department executed this Agreement.

"**Code**" means the Internal Revenue Code of 1986, as amended, and as the context may require, the Treasury Regulations promulgated thereunder, and any published rulings, procedures and notices thereunder.

"**Compliance Period**" means the compliance period described in Section 42(i)(1) of the Code, as it may apply to each building in the Development.

"**Construction Completion Date**" means the date upon which the architect for the Development Owner certifies that construction of the Development is substantially complete and that the Development is ready for its intended use as further evidenced by receipt of final certificates of occupancy (or the jurisdictional equivalent) by the earlier of November 30, 2011 or the first Business Day following 24 months from Closing.

"**Construction Documents**" means the construction contract, including, without limitation, the general conditions, project manual (including general requirements and technical specifications, drawings or sketches), the Plans and Specifications, and any addenda thereto, the construction schedule, and any and all trade contracts pursuant to which construction of the Improvements will be accomplished, as the same may be amended from time to time. As used throughout this Agreement the term "construction" shall be read expansively to encompass, as applicable, development, new construction, rehabilitation, and other similar activity.

"**Cost Certification**" means the written certification of a certified public accountant as to the itemized amounts of the construction and development costs of the Development, submitted to the Department in order to obtain IRS Form(s) 8609 for the Development or as otherwise required by the Department. Cost Certification shall be conducted in accordance with 10 TAC Section 49.15(b) and the Department's Cost Certification Manual, save and except the deadline for submission to the Department.

"**Default**" means an Event of Default has occurred under the applicable document or instrument and it has not been cured within the applicable notice and cure period, or thereafter waived.

"**Department**" or **"TDHCA"** means the Texas Department of Housing and Community Affairs, an agency of the State of Texas, established under Chapter 2306 of the Texas Government Code, and its successors.

"**Developer Assignment, Pledge and Security Agreement**" means the agreement by and among the Department, the Development Owner and the Developer pursuant to which the Developer has pledged all of its rights under the development agreement pertaining to the Development to the Department as additional security for performance by the Development Owner of all of its obligations under the TCAP Loan Documents.

"Development Owner Parties" shall have the meaning attributed thereto in Section 7.1FF.

"**Draw Schedule**" shall have the meaning attributed thereto in Section 4.2A.

"**Eligible Costs**" means costs for capital investments in Tax Credit developments that are permissible under the Program Requirements. Eligible Costs include costs includible in "eligible basis," determined in accordance with Section 42(d) of the Code, costs of land acquisition, on-site demolition costs and hazardous material remediation costs. Eligible Costs do not include costs for swimming pools, asset management, program administration or compliance monitoring.

"**Entity**" means any Person, other than an individual, including any general partnership, limited partnership, corporation, joint venture, trust, limited liability company, limited liability partnership, business trust, cooperative or other business association, however organized.

"**Equity Bridge Loan Initiative**" means one of the funding programs available under the TCAP Program Policy pursuant to which TCAP Loans may be made by the Department. The funding program pursuant to which this TCAP Loan is being made to the Development Owner is identified in the Summary.

"**Event of Bankruptcy**" or "**Bankruptcy**" means, as to a specified Person:

(i) the entry of a decree or order for relief by a court having jurisdiction in respect of such Person in an involuntary case under the federal bankruptcy laws, as now or hereafter constituted, or any other applicable federal or state bankruptcy, insolvency or other similar law, or appointing a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of such Person or for any substantial part of such

Person's property, or ordering the winding-up or liquidation of such Person's affairs and the continuance of any such decree or order unstayed and in effect for a period of ninety (90) consecutive days; or

(ii) the commencement by such Person of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by such Person to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or similar official) of such Person or for any substantial part of such Person's property, or the making by such Person of any assignment for the benefit of creditors, or the taking of action by the Person in furtherance of any of the foregoing.

"**Event of Default**" shall have the meaning attributed thereto in Section 11.1A.

"**Excess Amount**" shall have the meaning attributed thereto in Section 2.1C.

"**Excess Development Costs**" shall have the meaning attributed thereto in Section 7.2A.

"**Extended Affordability Period**" means the period beginning at the end of the Compliance Period and ending fifteen years thereafter, or such longer period as designated in the Development Owner's Application and/or the TCAP LURA, as applicable.

"**Fifty Percent Construction Completion Date**" means the date on which the architect for the Development Owner certifies that construction of the Development is fifty percent (50%) complete based upon the total of hard costs incurred for work completed as a percentage of total hard costs in the Construction Documents.

"**Fiscal Quarter**" means any of the three (3) consecutive month periods of each Fiscal Year ending on March 31, June 30, September 30 and December 31.

"**Fiscal Year**" means the twelve (12)-month period which begins on January 1 and ends on December 31 of each calendar year.

"Force Majeure" shall have the meaning attributed thereto in Section 12.13.

"General Partner Assignment, Pledge and Security Agreement" means the agreement by and between the Department and the General Partner pursuant to which the General Partner has pledged its ownership interest in the Development Owner as additional security for performance by the Development Owner of all of its obligations under the TCAP Loan Documents.

"**Good Faith Effort**" means reasonable efforts, as determined by the Department in its sole reasonable judgment, to have been acceptably demonstrated by the Development Owner to secure final financing commitments from equity investors and lenders (other than the Department).

"**Governmental Authority**" means the Department, HUD, the IRS or any other federal, state or local governmental agency or authority having jurisdiction over the particular matter to which reference is being made.

"**HUD**" means the U.S. Department of Housing and Urban Development and its successors.

"**HUD Notice**" means Notice CPD-09-03 issued by HUD on May 4, 2009 and revised July 27, 2009, and any revisions, updates, modifications or successors thereto.

"**Improvements**" means the residential rental housing Development, including functionally related and subordinate facilities and other structures, now existing or hereafter to be developed on the Development Site in accordance with the Construction Documents, including any future replacements and additions thereto.

"**IRS**" means the U.S. Internal Revenue Service.

"**Lender**" means any Person (other than the Department) loaning funds to be secured in whole or in part by the Development.

"Limited Partner Assignment, Pledge and Security Agreement" means the agreement by and between the Department and the Limited Partner, as may be required by the Equity Bridge Loan Initiative, pursuant to which the Limited Partner has pledged its ownership interest in the Development Owner as additional security for performance by the Development Owner of all of its obligations under the TCAP Loan Documents.

"**Low-Income Unit**" means a dwelling unit in the Development that is to be held for occupancy by the Development Owner and occupied in such a manner as to qualify such unit as a "low-income unit" under Section 42(i)(3) of the Code.

"**Material Change Order**" means a change order to the Budget, construction contract, Draw Schedule or any of the other Construction Documents in connection with the construction of the Improvements that would result in an overall increase or decrease in excess of five percent (5%) in the development cost, reflected in **Exhibit B**.

"**Minimum Set-Aside Test**" means the set-aside test described in Section 42(g)(1) of the Code selected by the Development Owner with respect to the Award of Tax Credits to the Development pursuant to the Tax Credit Allocation, as specified in the Application.

"**Mortgage**" means any mortgage, mortgage deed, deed of trust, deed to secure debt or any similar security instrument, as amended, restated, modified or supplemented from time to time on any portion of the Development given by the Development Owner to any Lender or the Department to secure any indebtedness, together with any other documents pertaining to said indebtedness, which were required by the Lender or the Department as a condition to making a Mortgage Loan.

"**Mortgage Loans**" means the Department's loans and the loans listed on **Exhibit F**, or any replacements or substitutes thereof, as approved by the Department in its reasonable

discretion pursuant to the terms of this Agreement and the other TCAP Loan Documents. The term, "Mortgage Loans", shall not include a loan that is secured by the Limited Partner Assignment, Pledge and Security Agreement in lieu of a Mortgage pursuant to the Department's Equity Bridge Loan Initiative.

"**NEPA Review Process**" means the environmental review process mandated by the National Environmental Policy Act of 1969 (42 U.S.C. Sec. 4321 et. seq.) and all laws referenced by, and requirements set forth in, 24 CFR Part 58.6.

"**Permanent Loan Replacement Initiative**" means one of the funding programs available under the TCAP Program Policy pursuant to which TCAP Loans may be made by the Department. The funding program pursuant to which this TCAP Loan is being made to the Development Owner is identified in the Summary.

"**Person**" means any individual or Entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits; and, unless the context otherwise requires, the singular shall include the plural, and the masculine gender shall include the feminine and the neuter and *vice versa*.

"**Plans and Specifications**" means the plans and specifications for the construction of the Development, including, without limitation, specifications for materials, and all amendments and modifications thereof.

"**Program Requirements**" means the TCAP Program Policy and any and all requirements (including the Applicable Legal Requirements) for receiving and maintaining a loan of TCAP Funds as set forth in Title XII of the Recovery Act, the HUD Notice and any other rules, regulations, guidelines or notices published by HUD from time to time with respect to the TCAP Program that are applicable to the Development.

"**QAP**" means the "Qualified Allocation Plan and Rules with Amendments" (a) in effect for the State for the year in which the Tax Credits were awarded to the Development Owner with respect to the Development; or (b) determined by the Department to be applicable to the Development in accordance with the Board's policies and rules.

"**Qualified Tenants**" means tenants who at the time of their initial occupancy of the Development, satisfy the income limits applicable under the Minimum Set-Aside Test under executed leases with terms of not less than six (6) months at rentals meeting the requirements of the Rent Restriction Test.

"**Recapture Amount**" shall have the meaning attributed thereto in Section 6.1B.

"**Recapture Event**" shall have the meaning attributed thereto in Section 6.1A.

"**Recovery Act**" means the American Recovery and Reinvestment Act of 2009, as it may be amended from time to time.

"**Rent Restriction Test**" means the test described in Section 42(g)(2) of the Code whereby the gross rent charged to tenants of the Low-Income Units in the Development may not

exceed thirty percent (30%) of the applicable qualifying income levels based upon the Minimum Set-Aside Test.

"**Required In-Service Date**" means the date by which at least one unit in each building in the Development must be ready and available for occupancy in accordance with State and local laws (also known as "Placed-in-Service"), which date shall not be later than December 31, 20[_____].

"**Required Report**" shall have the meaning attributed thereto in Section 9.1B.

"**Requisition**" means a request for disbursement of TCAP Funds signed by the Development Owner, the General Contractor and the architect for the Development Owner in a form prescribed by the Department attached hereto as **Exhibit L**.

"**Security Instruments**" means, collectively, (i) the Developer Assignment, Pledge and Security Agreement, (ii) the Assignment of Property Management Agreement, (iii) the Assignment of Construction Documents, (iv) the General Partner Assignment, Pledge and Security Agreement, (v) the TCAP Mortgage, as applicable, (vi) the Limited Partner Assignment, Pledge and Security Agreement (if applicable), and (vii) any and all other documents, instruments, and writings whereby the Developer, the Development Owner, and/or any Affiliate grants the Department any rights, liens, charges, security interests, ownership interests, Mortgages, pledges, hypothecations, or other rights, legally or beneficially, collaterally or directly, to provide for the protection of the Department against any failure to adhere to the Program Requirements.

"Seventy-Five Percent Construction Completion Date" means the date on which the architect for the Development Owner certifies that construction of the Development is seventy-five percent (75%) complete based upon the total of hard costs incurred for work completed as a percentage of total hard costs in the Construction Documents as may be amended from time to time.

"**State**" means the State of Texas.

"**Summary**" means the Summary Information Report attached hereto and incorporated herein by reference for all purposes as **Exhibit D**.

"**Tax Credit Allocation**" shall have the meaning attributed thereto in the Recitals, and it shall include such additional action and/or documentation which the Department may take and provide pursuant to Section 42(h)(1) of the Code and Treasury Regulations in order to make an "allocation" to buildings in the Development for purposes of the Code.

"**Tax Credit Assistance Program**" means the TCAP Program under Title XII of the Recovery Act pursuant to which grants are appropriated to states for rental housing developments that receive an Award of Tax Credits under Section 42(h) of the Code.

"**Tax Credit Investment Commitment**" means the commitment of the Tax Credit Investor to make an equity investment in the Development Owner in exchange for Tax Credits.

"**Tax Credit Investment Documents**" means any and all documents and instruments executed or delivered in connection with the Tax Credit Investor's equity investment in the Development Owner including, without limitation, the amended and restated organizing documents of the Development Owner.

"**Tax Credit Investor**" means the Person identified in the Summary, together with any Person authorized to act on behalf of the Tax Credit Investor under any of the organizing documents of the Development Owner.

"**Tax Credit Replacement Initiative**" means one of the funding programs available under the TCAP Program Policy pursuant to which TCAP Loans may be made by the Department. The funding program pursuant to which this TCAP Loan is being made to the Development Owner is identified in the Summary.

"**Tax Credits**" means the federal low-income housing tax credits under Section 42(h) of the Code (including credits made available through housing credit ceiling provided by Section 1400N(c) of the Code).

"**TCAP Award**" means the approval by the Board, described in the Recitals, of the award of TCAP Funds and the making of the TCAP Loan to the Development Owner.

"**TCAP Funds**" shall have the meaning attributed thereto in the Recitals.

"**TCAP Loan**" means the loan of TCAP Funds in the aggregate principal amount set forth in the Summary to be made by the Department to the Development Owner or any other Person contemplated herein to assist in the financing of the construction of the Development pursuant to all of the terms and conditions of this Agreement and the other TCAP Loan Documents. The TCAP Loan shall be payable in accordance with the terms set forth in Section 2.3 and in the TCAP Note.

"**TCAP Loan Documents**" means any and all documents and instruments executed or delivered by the Development Owner to the Department in connection with the TCAP Loan and includes, without limitation, this Agreement, the TCAP Note, the Security Instruments, and the TCAP LURA.

"**TCAP LURA**" means the Land Use Restriction Agreement for the Tax Credit Assistance Program between the Department and the Development Owner, in which the Development Owner agrees to maintain the Development for occupants who meet the income requirements under Section 42(g) of the Code and to maintain the Development as "rent-restricted" under Section 42(g) of the Code for a certain period of time set forth in the TCAP LURA, subject to certain exceptions set forth therein, and which is binding on the Development Owner's successors in interest and encumbers the Development with respect to the requirements of this Agreement, Chapter 2306 of the Texas Government Code and Section 42 of the Code.

"**TCAP Mortgage**" means the deed of trust granted by the Development Owner to the Department to secure the obligation of the Development Owner to repay the TCAP Loan.

"**TCAP Note**" means the promissory note evidencing the TCAP Loan.

"**TCAP Program**" shall have the meaning attributed thereto in the Recitals.

"**TCAP Program Policy**" shall have the meaning attributed thereto in the Recitals.

"**Tenant Income Certification**" means a tenant's initial Tax Credit certification, including the tenant income certification/certificate of resident eligibility, all sources used in verifying income and assets (including, but not limited to, third party verification, checking and savings accounts, pay stubs, verification of assets, etc.), a copy of one completed lease signed and dated for each building in the Development, and a copy of the first and last page of each resident lease for each Low-Income Unit in the Development, showing the start date of the lease and signature of the resident(s) and Development Owner.

"**Treasury**" means the United States Department of the Treasury, including the United States of America acting through the Treasury.

"**Treasury Regulations**" means the temporary and final regulations promulgated under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

"**Twenty-Five Percent Construction Completion Date**" means the date on which the architect for the Development Owner certifies that construction of the Development is twenty-five percent (25%) complete based upon the total of hard costs incurred for work completed as a percentage of total hard costs in the Construction Documents as may be amended from time to time.

ARTICLE II
LOAN OF TCAP FUNDS

Section 2.1 TCAP Loan

A. The Department shall make the TCAP Loan to the Development Owner in accordance with the TCAP Award, pursuant to the terms and conditions of this Agreement and all other TCAP Loan Documents.

B. The Development Owner shall receive the amounts from time to time advanced under the TCAP Loan Documents and use the proceeds thereof to pay only Eligible Costs incurred by the Development Owner in connection with the construction of the Development. The funding of the TCAP Loan (and any portion thereof) is expressly conditioned upon the Development Owner complying with all of the Program Requirements and the terms of this Agreement. The Development Owner expressly acknowledges and covenants that the proceeds of the TCAP Loan may not be applied to any costs that are not Eligible Costs.

C. If at any time prior to the Department's issuance of IRS Forms 8609 to the Development Owner the Department determines that (i) the amount of the TCAP Loan that has been funded to the Development Owner is more than the amount necessary for the financial feasibility of the Development and its viability as a qualified low-income housing development throughout the Compliance Period or (ii) a portion of the TCAP Loan has been expended on uses other than Eligible Costs (in either case, the amount determined by the Department to have been

excessive or impermissible is the "**Excess Amount**"), the Department shall provide the Development Owner with notice thereof and the Development Owner shall pay, in immediately available funds within thirty (30) Business Days from the date of such notice, an amount equal to the Excess Amount. In addition to the foregoing, the Department may take any other remedial action it deems necessary or advisable to fulfill its program obligations to HUD or otherwise carry out the principal purposes of the TCAP Program. The Development Owner may appeal the determination and repayment of an Excess Amount in accordance with the appeal process outlined in 10 TAC Section 1.7.

D. The Department acknowledges that it has received from HUD an award of sufficient TCAP Funds to fulfill its obligations under this Agreement and the other TCAP Written Agreements that the Department has entered into, or hereafter enters into, with other development owners, including without limitation, the Department's obligation to fund the TCAP Loan in accordance with the terms of this Agreement; provided, however, the Development Owner acknowledges that the Department's ability to fund the TCAP Loan is contingent upon HUD's actual delivery to the Department of TCAP Funds in an amount sufficient for the Department to pay the pending Requisition. If the Department fails to receive adequate TCAP Funds from HUD, or if the Department is on notice that delivery of said TCAP Funds will be materially delayed, the Department shall promptly notify the Development Owner in writing and shall not be liable for failure to make payments in connection with the applicable Requisition until such time as the Department receives the applicable TCAP Funds from HUD. In the event that no TCAP Funds are disbursed to the Development Owner as a result of the circumstances described in this Section 2.1D, the Department will execute a document terminating the TCAP LURA.

Section 2.2 Term

This Agreement shall be effective upon its execution and delivery and shall remain in full force and effect until the later to occur of (i) the expiration of the Compliance Period or (ii) the repayment of all outstanding principal and accrued interest on the TCAP Loan, unless earlier terminated in accordance with the provisions herein.

Section 2.3 TCAP Loan Terms

The general terms of the TCAP Loan are as set forth in the Summary.

ARTICLE III
INITIAL DISBURSEMENT OF TCAP FUNDS

Section 3.1 Due Diligence and Closing Requirements

A. Prior to or contemporaneous with execution and delivery of this Agreement by the Development Owner, the Development Owner shall provide in form and substance satisfactory to the Department the following:

(i) confirmation of the accuracy of the information contained in the Summary and its acceptance thereof by initialing each page of **Exhibit D**.

(ii) a signed "Certificate Regarding Lobbying for Contracts, Grants, Loans and Cooperative Agreements" in the form attached hereto as **Exhibit I**.

(iii) certification through execution of this Agreement that (a) construction will commence within the earlier to occur of (a) the first Business Day following two (2) months from the date of Closing, or (b) the first Business Day following eight (8) from the date of this Agreement; (b) the Fifty Percent Construction Completion Date will occur by the first Business Day following 12 months from Closing; and (c) the Construction Completion Date will occur by the first Business Day following 24 months from Closing.

(iv) a copy of the Tax Credit Investment Commitment. The Tax Credit Investment Commitment shall be sufficient to ensure that the Tax Credit Investor will enter into the Tax Credit Documents prior to or contemporaneously with Closing assuming satisfaction of reasonable (industry standard) terms and conditions set forth therein.

B. Prior to and as a condition to Closing, the Development Owner shall provide in form and substance satisfactory to the Department the following:

(i) evidence of satisfaction of any and all outstanding conditions to the TCAP Award including, without limitation, the items described in **Exhibit C** of this Agreement.

(ii) an acceptable "Affirmative Fair Housing Marketing Plan" in the form promulgated by HUD, attached hereto as **Exhibit G**.

(iii) evidence that the Development Owner has completed the NEPA Review Process and obtained all required environmental clearance for the Development, and HUD shall have approved the request for release of funds. **THIS AGREEMENT DOES NOT CONFER UPON THE DEVELOPMENT OWNER A LEGAL CLAIM TO ANY AMOUNT OF TCAP FUNDS UNLESS AND UNTIL THE "AUTHORITY TO USE GRANT FUNDS" (HUD 7015.16) OR EQUIVALENT LETTER HAS BEEN EXECUTED BY HUD.**

(iv) an executed and certified copy of the Tax Credit Investment Documents. The Tax Credit Investment Documents shall evidence the Tax Credit Investor's obligation to make the required equity investment in the Development subject to satisfaction of reasonable (industry standard) terms and conditions set forth therein.

(v) sufficient evidence to support its construction commencement commitment, confirm the same in writing.

(vi) the General Partner Assignment, Pledge and Security Agreement executed by the Department, the General Partner and the Development Owner.

(vii) the Limited Partner Assignment, Pledge and Security Agreement, as applicable, executed by the Department, the Limited Partner and the Development Owner.

(viii) the Developer Assignment, Pledge and Security Agreement executed by the Department, the Developer and the Development Owner.

(ix) the Assignment of Property Management Agreement executed by the Department and the Development Owner.

(x) the Assignment of Construction Documents executed by the Department and the Development Owner.

(xi) the filed or ready to be filed TCAP LURA.

(xii) all documents, instruments, and writings reasonably required by the Department to establish and protect its obligations and rights with respect to the matters made the subject hereof, all executed and delivered by Authorized Officers and in form and substance satisfactory to the Department and its counsel.

ARTICLE IV
DISBURSEMENTS OF TCAP FUNDS

Section 4.1 Eligible Costs

A. The proceeds of the TCAP Loan must be used for Eligible Costs. The Asset Manager shall determine the Development Owner's compliance with this requirement at the time each Requisition of TCAP Funds is submitted and upon a review of the Cost Certification. Parties will execute any amendments necessary to address compliance with Program Requirements.

B. In the event that the Department shall determine that the proceeds of the TCAP Loan have been used to pay costs other than Eligible Costs, whether such costs are not Eligible Costs because they are not approved as Eligible Costs in accordance with this Agreement or because they constitute uses other than Eligible Uses, the Department shall provide the Development Owner with written notice thereof and the Development Owner shall pay to the Department, in immediately available funds within thirty (30) Business Days from the date of said notice, an amount equal to that portion of the TCAP Loan used to pay costs other than Eligible Costs.

C. To the extent that TCAP Funds shall be used to pay developer fees:

(i) The Developer shall be entitled to receive the developer fee in an amount set forth in the Budget, not to exceed the limits identified in the applicable QAP.

(ii) Up to seventy-five percent (75%) of the developer fee may be disbursed in accordance with the percentage of construction completion of the Development. The balance of the developer fee may be paid upon the later to occur of (i) the Department's receipt and acceptance of Cost Certification in form and substance satisfactory to the Department, and (ii) determination by the Department that there are sufficient sources of funds available after payment of all other development costs to pay the balance of the

developer fee (unless, in each case, the development agreement or the organizational documents of the Development Owner provide for later payment).

Section 4.2 Requisitions; Expenditure Deadlines

A. Requisitions shall be submitted to the Department for approval. The Development Owner will submit not more than four (4) Requisitions to the Department at the times and in the amounts set forth in the projected draw schedule attached hereto as **Exhibit E** (the "**Draw Schedule**"). The Development Owner shall update the Draw Schedule as and when Requisitions for disbursements of TCAP Funds are made.

B. In the case where the Construction Completion Date has occurred prior to execution of this Agreement, the Development Owner may submit a Requisition, at or immediately after Closing, but no later than November 30, 2011, for one hundred percent (100%) of the TCAP Loan. Otherwise, the Development Owner acknowledges and agrees that:

(i) twenty-five percent (25%) of the TCAP Loan amount must be expended on Eligible Costs by the Twenty-Five Percent Construction Completion Date and the Development Owner may subsequently submit a Requisition of up to twenty-five percent (25%) of the TCAP Loan;

(ii) fifty percent (50%) of the TCAP Loan amount must be expended on Eligible Costs by the Fifty Percent Construction Completion Date which must occur by the first Business Day following 12 months from Closing and the Development Owner may subsequently submit a Requisition of up to fifty percent (50%) of the TCAP Loan (less the amount of the TCAP Loan the Department previously funded to the Development Owner);

(iii) seventy-five percent (75%) of the TCAP loan amount must be expended on Eligible Costs and the Development Owner must submit a Requisition of seventy-five percent (75%) of the TCAP Loan (less the amount of the TCAP Loan the Department previously funded to the Development Owner) prior to January 14, 2011; and

C. one hundred percent (100%) of the TCAP loan amount must be expended on Eligible Costs by the Construction Completion Date and the Development Owner must submit a Requisition of one hundred percent (100%) of the TCAP Loan (less the amount of the TCAP Loan the Department previously funded to the Development Owner) by the earlier of the first Business Day following thirty (30) calendar days after the Construction Completion Date, except where construction completion has already occurred as of the date of execution of this Agreement, or November 30, 2011. The Development Owner may not submit a Requisition of TCAP Funds to the Department until such funds are needed to pay Eligible Costs of the Development. Accordingly, the amount of each Requisition must be limited to the amount of money needed to pay Eligible Costs actually incurred by the Development Owner at the time of the Requisition and may not include amounts for prospective or future needs. TCAP Funds may not be placed into escrow accounts or advanced in lump sums to the Development Owner.

Section 4.3 Change Orders

A. The Development Owner shall obtain the prior written consent of the Department for any Material Change Order, regardless of whether any proposed disbursement of TCAP Funds would be affected by such Material Change Order.

B. As a pre-condition to the Department's consent to any Material Change Order, the Development Owner shall submit to the Department a description of the curative actions to be taken by the Developer and the contractor to accelerate construction progress and/or align the sources and uses of funds for the Development notwithstanding such Material Change Order (the "**Action Plan**"). The Action Plan shall be in form and substance reasonably satisfactory to the Department and must, at a minimum, demonstrate that TCAP Funds will be expended on Eligible Costs at a rate that complies with the prescribed expenditure deadlines set forth in Section 4.1B above. The Action Plan shall be signed by the Developer and the Development Owner as evidence of their intent to implement or cause to be implemented the Action Plan as described. Failure of the Development Owner to submit and/or cause implementation of an Action Plan reasonably acceptable to the Department shall entitle the Department to suspend making disbursements of TCAP Funds under this Agreement until such time as an acceptable Action Plan has been received and implementation thereof has commenced.

C. The Department will not approve any Material Change Order which would, in the reasonable determination of the Department,

(i) cause the Development to fail to meet the Required In-Service Date, or

(ii) prevent the TCAP Loan from being fully disbursed to the Development Owner in accordance with the requirements and procedures set forth herein and within the prescribed expenditure deadlines.

Section 4.4 Disbursements

A. The Department shall use the TCAP Funds it receives from HUD with respect to the Development to reimburse the Development Owner for Eligible Costs incurred in connection with the construction of the Development to the extent such costs are properly submitted to the Department in accordance with the procedures set forth in this Article IV and all other terms and conditions of this Agreement.

B. The Department shall submit a request for TCAP Funds to HUD in an amount equal to the approved amount of the current Requisition (not to exceed, in the aggregate, the amount of the TCAP Loan). The Development Owner shall cooperate with the Department in obtaining and providing any additional documentation that may be required by HUD to approve the request for TCAP Funds.

C. The Department may request the Development Owner to make modifications to the Requisition and is authorized to modify the disbursement procedures set forth herein and to establish such additional requirements for payment of TCAP Funds to the Development Owner as may be necessary or advisable for compliance with all Program Requirements.

D. The Department will not disburse any TCAP Funds to the Development Owner for costs that:

(i) are not Eligible Costs or are otherwise prohibited under Program Requirements;

(ii) are not in accordance with the terms of the TCAP Loan Documents;

(iii) were requested during the occurrence and continuation of an uncured Event of Default; or

(iv) were incurred after or not requested by November 30, 2011.

E. The Department may withhold any draw pending completion of a site inspection as deemed necessary by the Asset Manager or the Department to ensure that construction progress is being made in accordance with the Construction Documents.

F. In the event that the Department makes a determination that the Development Owner has failed to expend (or is unlikely to expend) sufficient TCAP Loan proceeds on Eligible Costs within the expenditure deadlines set forth above, the Department shall have no obligation to disburse any funds to the Development Owner under this Agreement and may, at the election of the Department, recover, recapture or offset any TCAP Funds previously paid to the Development Owner. In the event that the Development Owner demonstrates to the reasonable satisfaction of the Department that, notwithstanding its non-compliance with the expenditure deadlines set forth above, it will nonetheless continue to satisfy the expenditure deadlines required by the Recovery Act under the Program Requirements (and allow the Department to satisfy all such expenditure deadlines), the Department may, by approval of the Executive Director, continue to make disbursements of TCAP Funds to the Development Owner pursuant to this Agreement.

G. The Department will not disburse any TCAP Funds to the Development Owner unless the Development Owner is current on submission of each and every Required Report (including any required reporting under the Recovery Act) as described in Section 9.4 of this Agreement.

Section 4.5 Construction Meetings; Monitoring

The Department shall have the right to participate in construction progress meetings and monitor the Development's construction until the Construction Completion Date.

ARTICLE V
COVENANTS AND RESTRICTIONS

Section 5.1 TCAP LURA

The Development Owner and the Department shall execute and deliver the TCAP LURA prior to and as a condition of Closing. The TCAP LURA shall be filed and recorded at Closing, and shall remain in full force and effect through the Extended Affordability Period. Upon

execution and filing of the TCAP LURA, its terms and conditions shall be incorporated herein by reference.

Section 5.2 Compliance with Program Requirements

A. The Development Owner will comply with all of the Program Requirements applicable to the Development throughout the Compliance Period (without limitation as to any of said Program Requirements that may or may not be specifically identified in this Agreement).

B. The Development Owner will comply with all of the requirements of Section 42 of the Code to the extent necessary to receive and maintain a TCAP Award, including, without limitation, the requirement that the Development will become a "qualified low-income housing development" (as defined in Section 42(g)(1) of the Code) by the end of the year following the year in which the first building in the Development, which is required to contain Low-Income Units, is placed in service in accordance with the terms of the Tax Credit Allocation.

C. The Development Owner will comply with the income and rent restrictions set forth in the LURA throughout the term of the TCAP LURA.

D. The Development Owner will maintain the "applicable fraction" set forth in the LURA throughout the term of the TCAP LURA.

E. The Development Owner shall comply with the Applicable Legal Requirements and shall take the following actions with respect thereto:

(i) Prior to or contemporaneous with execution and delivery of this Agreement, the Development Owner shall adopt and submit for approval to the Department an "Affirmative Fair Housing Marketing Plan" in the form promulgated by HUD. The Development Owner shall use affirmative fair housing marketing practices in determining tenant eligibility and concluding all transactions with respect to the Development in accordance with 24 CFR Section 92.350 and Section 570.904(c).

(ii) The Development Owner shall ensure that the Development meets the lead-based paint requirements set forth in 24 CFR Part 35 Subparts A, B, J, K, M, and R, as applicable.

(iii) The Development Owner shall ensure that the Development meets the accessibility requirements applicable to the Development set forth in 24 CFR Part 8, which implements Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. Section 794), and the design and construction requirements set forth in 24 CFR Section 100.205, which implements the Fair Housing Act (42 U.S.C. Sections 3601-3619).

(iv) The Development Owner shall comply with Davis-Bacon prevailing wage rates in accordance with HUD requirements. The applicable Davis-Bacon wage decision and the HUD 4010, Federal Labor Standards Provisions, must be inserted into any construction contract that is subject to Davis-Bacon requirements.

(v) The Development Owner shall comply with the non-procurement debarment and suspension standards set forth in 2 CFR Part 180, Subpart C, as required by 2 CFR Part 2424.

(vi) The Development Owner shall comply with the Federal Drug Free Workplace Act of 1988 and the regulations promulgated thereunder including, without limitation, 54 CFR Part 4956.

(vii) The Development Owner shall post signage concerning the Development in a manner consistent with the criteria established in the QAP and, to the extent applicable, by HUD.

Section 5.3 Covenants Regarding Sale or Assignment of Development, Contracts or Interests

The Development Owner shall not sell, lease (other than by residential leases or commercial leases in the ordinary course of business), transfer, encumber or otherwise dispose of any material portion of the Development, unless replaced with similar items due to normal wear and tear, without the prior written consent of the Department. Any such transfer shall be subject to the same requirements set forth in the QAP and the Department's rules**.**

ARTICLE VI
RECAPTURE

Section 6.1 Recapture Event

A. A "**Recapture Event**" shall be deemed to occur if, at any time during the Compliance Period, any one or more of the following events shall occur and remain uncured under Section 6.4 below:

(i) there is an uncured Event of Default;

(ii) the Tax Credit Allocation is terminated or cancelled;

(iii) the Development is not completed by the Required In-Service Date;

(iv) the Development does not become a "qualified low-income housing development" (as defined in Section 42(g)(1) of the Code) by the end of the year following the year in which the first building in the Development, which is required to contain Low-Income Units, is placed in service; or the Development otherwise fails to qualify for Tax Credits;

(v) the Development ceases to be a "qualified low-income housing development" (as defined in Section 42(g)(1) of the Code);

(vi) no Tax Credit Investor makes an equity investment in the Development Owner in exchange for Tax Credits; or

(vii) TCAP Funds have been determined by the Department or HUD to have been expended for costs other than Eligible Costs and have not been repaid to the Department within the timeframe specified in Section 2.1C.

B. If a Recapture Event occurs (other than a Recapture Event under Section 6.1A(vii)), the TCAP Funds shall be subject to "recapture" in an amount equal to the amount of TCAP Funds actually disbursed to the Development Owner under the terms of this Agreement plus (i) all accrued but unpaid interest under the TCAP Note, (ii) any penalties that may accrue under the Program Requirements, and (iii) all out-of-pocket costs and/or fees incurred by the Department in connection with the Recapture Event. If the Recapture Event arises under Section 6.1A(vii) above, the amount of TCAP Funds subject to "recapture" shall be the amount of TCAP Funds expended on costs other than Eligible Costs. The total amount payable upon a Recapture Event pursuant to this Section 6.1B is referred to herein as the "**Recapture Amount**".

Section 6.2 Enforcement

A. If a Recapture Event is not cured as permitted in Section 6.4 and Section 11.3 hereof, the Recapture Amount shall be due and payable to the Department by the first Business Day following thirty (30) calendar days from the Department's delivery of notice to the Development Owner of such failure to cure and subsequent recapture. The obligation to repay the Recapture Amount shall be secured and enforceable by the lien of the TCAP Mortgage against the Development in favor of the Department or any other security instrument securing the TCAP Loan.

B. The lien imposed hereunder shall be filed and recorded in an office within the State, county or other governmental subdivision in which the Property is situated, as designated by State laws.

C. Unless another date is specifically fixed by law, the lien of the TCAP Mortgage extends to the Recapture Amount and is due and shall continue until liability for the Recapture Amount is satisfied in full.

D. The priority of the lien imposed hereunder shall be determined by the Department and described in the Summary, and such priority shall be reflected in the subordination agreement.

Section 6.3 Notice

A. The Department shall provide the Development Owner with written notice in accordance with Section 12.1 of any Recapture Event or of any circumstances which, with the passage of time, would give rise to a Recapture Event, of which, in either event, it shall become aware. The Department shall also provide copies of any such notice(s) to the Lender and the Tax Credit Investor.

B. The failure of the Department or the Asset Manager, as applicable, to provide notice as herein required shall not relieve the Development Owner of any obligation hereunder or prevent the declaration or occurrence of a Recapture Event, nor shall it serve to relieve the Development Owner of any of the consequences thereof.

Section 6.4 Right to Cure

A. Notwithstanding anything to the contrary set forth in this Agreement and/or any of the other TCAP Loan Documents, the Development Owner shall have the right to cure a Recapture Event within a reasonable period of time after the Development Owner has received notice of the circumstances giving rise to such Recapture Event or after the Development Owner would have become aware of the circumstances giving rise to such Recapture Event had the Development Owner exercised reasonable diligence with respect thereto. The Department, acting in good faith and with reasonable judgment, shall have the right to determine what constitutes "a reasonable period of time" and whether a cure has been properly and timely effected for purposes of this Section 6.4, except to the extent that such determinations are governed by or otherwise prescribed or delimited by Program Requirements.

B. Any cure made or tendered by any Lender or any Tax Credit Investor or the Developer shall be accepted or rejected on the same basis as a cure made directly by the Development Owner, to the extent not inconsistent with Program Requirements.

Section 6.5 Preservation of Rights and Remedies

Any action under this Article VI will not limit or deprive the Department from exercising any other rights and remedies that it has under law or equity, or any rights and remedies provided herein with respect to Events of Default.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

Section 7.1 Representations, Warranties and Covenants of the Development Owner

The Development Owner hereby represents and warrants to and covenants with the Department that the following either is or will be true as of Closing and on the due date of each disbursement of TCAP Funds, and as applicable, throughout the Compliance Period:

A. The Development Owner is a duly organized limited partnership or limited liability company validly existing under the laws of the state of its organization and has full power and authority to perform its obligations under this Agreement and to do business in the State.

B. No litigation, demand, investigation, claim or proceeding against the Development Owner or any other litigation or proceeding directly affecting the Development is pending or, to the best knowledge of the Development Owner, threatened, before any court, administrative agency or other Governmental Authority that would, if adversely determined, have a material adverse effect on the Development Owner or the construction, use and operation of the Development.

C. No Default by the Development Owner or any Affiliate thereof under any contractual agreement with the Department related to the Development, or under any other Department-funded activity related to the Development, has occurred or is continuing.

D. All building, zoning, health, safety, business and other applicable certificates, permits and licenses necessary to permit the construction, use, occupancy and operation of the Development have been or will be, at the time required, obtained and maintained (other than, prior to completion of construction of the Development or a specified portion thereof, such as are issuable only upon completion of construction or such specified portion thereof); and the Development Owner has not received any notice or has not obtained any knowledge of any violation with respect to the Development of any law, rule, regulation, order or decree of any Governmental Authority having jurisdiction which would have a material adverse effect on the Development or the construction, use or occupancy thereof, except for violations which have been cured or can be cured within any applicable cure period, and are in the process of being cured, and notices or citations which have been withdrawn or set aside by the issuing agency or by an order of a court of competent jurisdiction.

E. The Development Owner has a fee interest in the Development or at least a fifty (50)-year leasehold interest on the Development Site, in form and substance reasonably acceptable to the Department and meeting all Program Requirements, and a fee interest in all other aspects of the Development and has good and indefeasible title thereto, free and clear of any liens, charges or encumbrances other than the Mortgages, encumbrances the Development Owner is permitted to create under the terms of this Agreement, encumbrances set forth in the Title Policy for the Development, mechanics' or other liens that have been bonded against (or as to which other cash equivalent security has been provided) in such a manner as to preclude the holder of such lien from having any recourse to the Development or the Development Owner for payment of any debt secured thereby, inchoate liens for ad valorem taxes, and the permitted encumbrances (Schedule B of the Title Policy for the Development).

F. No Event of Default has occurred and is continuing.

G. No Event of Bankruptcy has occurred as to the Development Owner or the Developer.

H. All reserves and accounts required to be maintained by the Development Owner, under the terms of this Agreement, or by any other Lender are currently funded (or will be funded at the time(s) required) up to the specified levels.

I. The Development Owner will construct or acquire and substantially rehabilitate the Development as described in the Summary.

J. If the Development Site is comprised of multiple parcels, either (a) all such parcels are contiguous, that is their boundaries meet at one or more points, except for the interposition of a road, street, stream or similar property, or (b) 100% of the units will be Low-Income Units.

K. All utilities are, or will be, available to the Development, including sanitary and storm sewers, water, gas (if applicable) and electricity.

L. The sources of funds available to the Development Owner are sufficient to enable the Development Owner to complete construction of the Development in accordance with the Plans and Specifications and the Draw Schedule.

M. The Development will continue to be owned and operated by the Development Owner through the Compliance Period or, if later, the date (if any) through which the Development Owner is required to own and operate the Development pursuant to any of the documents governing the use and operation of the Development; provided, however, that if the Development Site is subject to a ground lease, the Development Owner will continue to be in full compliance with the terms thereof.

N. The Development will be operated so that it will meet (and an appropriate election has been or will be made with respect to) the Minimum Set-Aside Test as of the dates established by Section 42(g)(3) of the Code and at all times thereafter through the end of the Compliance Period.

O. At all times throughout the Compliance Period, a percentage of the units in the Development, as specified in the Summary, will be available to be leased to and occupied by tenants with the income limits set forth in the LURA.

P. The Development Owner will have the right to receive annual reports from tenants of Low-Income Units of the Development concerning their incomes and family sizes. Except to the extent permitted by Section 42(g)(2)(E) of the Code, the gross rents (as adjusted in accordance with Section 42(g)(2)(B) of the Code) charged for each of the Low-Income Units will not, at any time during the Compliance Period, exceed 30% of the income limitation applicable to the tenant(s) of each such unit for purposes of the Minimum Set-Aside Test and Section 7.1N above.

Q. The Development will be operated so that the number of units in the Property specified in the Summary will qualify as Low-Income Units at all times during the Compliance Period, which is the "applicable fraction" required for purposes of the LURA.

R. None of the Low-Income Units will be occupied entirely by "students" (as defined in the Code).

S. All services provided to tenants will be optional to the applicable tenant (i.e., payment for the service will not be required as a condition of occupancy) and no services that are not optional (i.e., mandatory services) will be provided, or if so provided, the charges for any such services shall be included in determining compliance with the applicable rent restriction for purposes of Section 7.1N above.

T. Tenants for the units will be screened and selected from a pool of eligible tenants based on an affirmative marketing plan and uniformly applied tenant selection criteria that are commonly employed by other property owners in determining tenant eligibility in similar developments to the Development, and:

(i) no preferences or discrimination will be employed in selecting tenants that violates or is inconsistent with federal housing policy governing nondiscrimination as determined under HUD rules and regulations;

(ii) units in the Development will be available for use by the general public within the meaning of Section 1.42-9 of the Treasury Regulations and Section 42(g)(9) of the Code;

(iii) the units will be rented on a non-transient basis in accordance with the Code.

U. The tenant facilities of the Development included in eligible basis will be available to all tenants on a comparable basis without separate fees.

V. At least one unit in each building in the Development will be ready and available for occupancy in accordance with State and local laws on or before the Required In-Service Date.

W. Each of the representations and disclosures made by the Development Owner to the Department in any Tax Credit Application and/or application for TCAP Funds is true and correct as of the date hereof or, in the case of changed circumstances, such change has been presented to and approved by the Department in writing. Each of the covenants, agreements and conditions contained in such Applications have been duly performed or satisfied by the Development Owner to the extent that performance or satisfaction is required on or prior to the date of Closing, and the Development Owner has no reason to believe that the covenants, agreements, and conditions required to be performed or satisfied after the date hereof will not be performed or satisfied in a timely manner.

X. The TCAP LURA will be in effect as of the end of each taxable year in which the buildings in the Development are placed in service.

Y. The Development constitutes "residential rental property" within the meaning of Section 1.103-8(b)(4) of the Treasury Regulations.

Z. The Development Owner will develop and operate the Development in accordance with (i) the applicable provisions of Section 42 of the Code, (ii) the terms of this Agreement, (iii) the Program Requirements, (iv) all applicable federal, State, and local statutes, rules and regulations with respect to the Development including, without limitation, the Applicable Legal Requirements, and (iii) all applicable requirements of any Governmental Authorities having jurisdiction over the Development.

AA. The Development Owner has complied with and will continue to comply with the Federal Drug Free Workplace Act of 1988 and the regulations promulgated thereunder, including without limitation, 54 CFR 4956 (1989), as amended.

BB. The Development will comply with elevation requirements that meet or exceed those in the QAP, the National Flood Protection Act, and any local requirements.

CC. The Development Owner shall not employ, award a contract to, or fund any Person that has been debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD or the Department.

DD. No federal appropriated funds have been paid or will be paid, by or on behalf of the Development Owner, to any Person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement, and/or the extension, continuation, renewal, amendment or modification of any federal contract, grant, loan or cooperative agreement.

EE. No funds have been paid for influencing or attempting to influence an officer or employee of a Member of Congress in connection with a federal contract, grant, loan and/or cooperative agreement benefiting the Development Owner. To the best knowledge of the Development Owner, the Development Owner has complied with all restrictions, certifications and disclosure requirements contained in the Byrd amendment to the fiscal 1990 appropriations measures for the United States Department of the Interior (P.L. 101-121) and with any guidelines and rules issued by any federal entity in connection therewith, if applicable.

FF. Neither the Development Owner nor any of its partners, members, officers, directors, or employees, nor, to the best knowledge of the Development Owner, any contractor or agent of the Development Owner nor any Affiliate of the Development Owner, nor any Person who or which directly or indirectly owns or Controls the Development Owner or any of its or their constituent Entities, nor any Person who or which directly or indirectly owns or Controls any Affiliate of the Development Owner or any of its constituent Entities, nor any Person who or which directly or indirectly holds a substantial (i.e., ten percent (10%) or more) equity interest in the Development Owner or in any of its constituent Entities or in any Affiliate of the Development Owner or any of its or their constituent Entities (collectively, "**Development Owner Parties**"), is a Barred Person or has ever been a Barred Person (as hereinafter defined). The term "Development Owner Parties" does not include any Tax Credit Investor or any of their officers, directors, and employees, contractors and agents or any Affiliate of the Tax Credit Investor. "Barred Person" means any Person with whom a U.S. Person is barred from transacting business under U.S. law, including but not limited to (i) Persons identified as specially designated terrorists, narcotics traffickers, or blocked Persons by the U.S. Government on the "Specially Designated Nationals and Blocked Persons List" maintained by the U.S. Treasury Department; and (ii) Persons that are citizens of or organized or domiciled or resident in countries subject to U.S. economic embargo restrictions and thereby barred from transactions with U.S. Persons. "U.S. Person" means a person, that is a citizen of or organized or domiciled or resident in the United States. "Owned or Controlled" and variations thereof mean a direct or indirect interest in the Entity in question, including but not limited to voting or non-voting equity, partnership, joint venture and other arrangements, and specifically including but not limited to (1) all members of limited liability companies, (2) all shareholders owning ten percent (10%) or more of the outstanding shares of corporations, measured on an aggregate and/or class-by-class basis, (3) all general partners of limited partnerships and general partnerships, (4) all limited partners owning ten percent (10%) or more of the outstanding limited partnership interests in limited partnerships, (5) all trustees and settlors of trusts, and (6) all beneficiaries owning ten percent (10%) or more of the beneficial interests in trusts.

GG. Neither any General Partner nor any other Development Owner Party nor any of the Development Owner's property is or has ever been subject to or a party to or bound by any agreement or other arrangement with any Barred Person.

HH. The Development Owner and each other Development Owner Party will prevent, and have instituted or will institute (and will update from time to time to correspond to changes in circumstances and changes in applicable laws and regulations) policies and procedures to prevent, any circumstance or event described in subclauses FF. and GG. above.

II. The Development Owner and all other applicable Development Owner Parties have not engaged and shall not engage in any act or omission that would violate anti-money-laundering laws, including but not limited to 18 USC Section 1956; have complied or will comply with requirements for instituting an anti-money laundering compliance program required under 31 USC Section 5318(h) and applicable to all "financial institutions" as defined in 31 USC Section 5312(a)(2); and have instituted or will institute policies and procedures and use commercially reasonable due diligence to identify and report Suspicious Transactions to relevant U.S. Government officials. "Suspicious Transactions" that may require reporting include, but are not limited to, (i) individual or related transactions in which a third-party provides payment in U.S. or foreign currency in excess of $10,000 that may require reporting under 31 USC Section 5331 and 26 USC Section 6050I; (ii) any transaction where the Development Owner or any Development Owner Party knows, suspects, or has reason to know that the transaction (A) is for an illegal purpose, including but not limited to money laundering; (B) is otherwise an attempt to disguise funds derived from illegal activity or evade reporting requirements under U.S. law; or (C) is suspicious because the transaction appears to serve no business or lawful purpose.

JJ. No person, acting individually or collectively with other persons, other than the manager or general partner, as the case may be, of the Development Owner has the legal right or ability to remove or replace such manager or general partner or control the policies and affairs of the Development Owner without the prior written consent of the Department, which consent will not be unreasonably witheld.

KK. The Development Owner shall post any notice of procurement opportunities on the Department's website and their Agreement-related job opportunities on the Workintexas.com website.

Section 7.2 Covenants of Construction Completion

A. The Development Owner unconditionally covenants and warrants that it shall cause the Construction Completion Date to occur by the first Business Day following 24 months from the date of Closing, but in no event later than the Required In-Service Date. The Development Owner shall satisfy, and shall cause the Development to satisfy, all construction-related requirements of the Mortgage Loans and all TCAP Loans, including any requirement related to completion of the Development. The Development Owner shall pay all costs to complete construction of the Development in accordance with the Plans and Specifications when and as incurred, regardless of whether such costs exceed the amounts anticipated for such items in the Budget or the sources otherwise available to pay such costs (in either such event, said costs

being referred to as "**Excess Development Costs**"). The Development Owner shall pay (or bond around) any Excess Development Costs by the earliest of

(i) the date required to avoid a Default or penalties under the Mortgage Loans and all TCAP Loans,

(ii) the date required to keep all sources of funding for the Development "in balance,"

(iii) the date required to keep all expenses without a specific maturity date paid on a sixty (60)-day current basis, or

(iv) such earlier date as may be set forth in this Agreement.

B. The Development Owner further unconditionally covenants and warrants that it shall cause the Development to become a "qualified low-income housing development" (as defined in Section 42(g)(1) of the Code) by the end of the year following the year in which the first building in the Development which is required to contain Low-Income Units is placed in service in accordance with the terms of the Tax Credit Allocation.

Section 7.3 Cost Certification

The Development Owner shall provide a full accounting of funds expended under the terms of this Agreement as part of Cost Certification on the earlier of January 13, 2012 or the required deadline under the 2009 QAP (10 TAC Section 49.15(b)(2)). In addition to the remedies available to the Department under Section 11.2 of this Agreement with respect to an Event of Default, failure of the Development Owner to provide a full accounting in accordance with the QAP and the Department's Cost Certification Procedures Manual shall be sufficient reason for the Department to make the Development Owner or its Affiliates ineligible to apply for assistance under TDHCA programs or subject to penalty in accordance with TDHCA rules. The Development Owner, in providing such accounting, represents and warrants to and covenants with the Department that the entirety of TCAP Funds disbursed hereunder have been for items that are Eligible Costs and that if any TCAP Funds were disbursed for items other than Eligible Costs, they will be returned in accordance with this Agreement.

ARTICLE VIII
RESERVE ACCOUNTS

Section 8.1 Replacement Reserve

A. The Development Owner shall establish and maintain reserves that comply with the TCAP LURA and the requirements of any Lenders or Tax Credit Investor.

(i) If the Department is the first lien lender and the Development consists of 25 or more multifamily rental units, the Development Owner shall create a reserve for any necessary repairs for the Development by depositing the greater of such amount as required by the Tax Credit Investor, or (1) not less than $150.00 per unit per year for newly constructed units the first five years of the TCAP LURA period after Construction

Completion and not less than $200.00 per unit per year for newly constructed units the remaining TCAP LURA period after Construction Completion, or (2) not less than $300.00 per unit for rehabilitated units, beginning on the date that occupancy of the Development stabilizes or the date that permanent financing for the Development is completely in place, whichever occurs later, in an account in a federally insured bank or savings and shall continue making deposits until the end of the affordability period of the TCAP LURA or the Development ceases to be used as multifamily rental property.

(ii) If the Department is the subordinate lender and said replacement reserve account is not required by the first lien Lender, the Development Owner shall set aside the replacement reserve amount as a reserve for capital improvements for each unit in the Development.

B. This requirement and condition to create a reserve account for repairs is statutorily required and cannot be waived unless the Development Owner is required to maintain a reserve account under any other provisions of federal or State law.

Section 8.2 Funding of Reserve Accounts

The reserve accounts required hereunder shall not be funded with TCAP Funds.

ARTICLE IX
BOOKS AND REPORTING

Section 9.1 Maintenance, Retention and Accessibility of Books; Reporting Generally

A. The Development Owner shall maintain or cause to be maintained for the term of this Agreement a complete and accurate set of books and supporting documentation of transactions in connection with the TCAP Funds.

B. The Development Owner shall submit to the Asset Manager any and all financial and performance reports that the Department deems necessary to comply with the Program Requirements, as the same may be amended from time to time. The Development Owner acknowledges that HUD may impose additional reporting requirements upon the Department and/or upon recipients of TCAP Funds, and agrees to comply with all such requirements on a timely and complete basis. Unless otherwise provided herein, the Development Owner shall be obligated to pay to the Department an amount equal to $100 per day for each day after the due date that any Required Report is submitted. For purposes hereof, a "**Required Report**" is any report specifically required by this Agreement and any other report of which the Department or the Asset Manager has given the Development Owner reasonable notice that such report is required in light of the nature of the information required to be reported.

C. The Development Owner shall give HUD, the Comptroller General of the United States of America, the Department, and any of their duly authorized representatives (including the Asset Manager) access to all books of the Development Owner and all other records, accounts, reports, files and other information belonging to or in use by the Development Owner concerning the operation of the Development as may be requested from time to time (with or

without prior notice). The above-named Persons shall have the right to examine all such books and records as and when access is requested from time to time, provided that such examination does not unreasonably disrupt or interfere with the Development Owner's business or operations. The Development Owner agrees to maintain such books and records in a location accessible to the above-named Persons. Such rights and obligations shall continue throughout the term of the LURA or thirty (30) years or as required by law, whichever is greater.

Section 9.2 Compliance Monitoring Reports

A. Until such time as one hundred percent (100%) of the Low-Income Units in the Development have been leased and occupied by Qualified Tenants, the Development Owner shall supply the Asset Manager with the following items:

(i) monthly leasing reports, showing the number of applications taken away by prospective tenants, the number submitted, the number being evaluated and the number accepted since the date of the last report;

(ii) a monthly Section 42 Compliance Form;

(iii) as soon as they become available, Tenant Income Certification files for the initial tenants in the first five (5) Low-Income Units in the Development; and

(iv) Tenant Income Certification files for all initial tenants in all the Low-Income Units in the Development.

Thereafter, the Development Owner shall supply the Asset Manager, within ten (10) Business Days after the end of each Fiscal Quarter, with a Section 42 Compliance Form.

B. The Development Owner shall submit to the Asset Manager any other compliance reports that the Department deems necessary to comply with Program Requirements, as the same may be amended from time to time.

C. The Department reserves the right to carry out regular and periodic field inspections to ensure compliance with the TCAP Loan Documents and the TCAP LURA.

Section 9.3 Financial and Performance Audit

A. Unless otherwise directed by the Department, the Development Owner shall arrange for the performance of an annual financial and compliance audit of funds received and performance rendered under this Agreement subject to the following conditions and limitations:

(i) The Development Owner shall have an audit made by a Third Party certified public accountant in accordance with generally accepted accounting principles for each Fiscal Year during the term of this Agreement.

(ii) Unless otherwise specifically authorized by the Department in writing, the Development Owner shall submit the complete and final audit report to the Department by the first Business Day following thirty (30) calendar days from the completion of the

audit but in no event later than the first Business Day following 150 calendar days from the end of each applicable Fiscal Year.

(iii) The Development Owner may utilize funds budgeted under this Agreement to pay for that portion of the cost of such audited services properly allocable to the activities funded by the Department under this Agreement, *provided*, *however*, that the Department shall not make payment for the costs of such audit services until the Department has received the complete and final audit report from the Development Owner.

(iv) Audits performed under this Section 9.3A are subject to review and acceptance by the Department or its designee. All audit reports shall be made available for public inspection by the first Business Day following thirty (30) calendar days from Department approval of the audit.

B. Notwithstanding Section 9.3A above, the Department reserves the right to audit funds received and performance rendered under this Agreement. The Development Owner agrees to permit the Department, its designee, the State Auditor's Office, or HUD's Office of the Inspector General to audit the Development Owner's records and to obtain any documents, materials, or information necessary to facilitate such audit.

C. The Development Owner shall be liable to the Department for any costs paid with TCAP Funds other than Eligible Costs or otherwise disallowed pursuant to financial and compliance audit(s) of funds received by the Development Owner under this Agreement, and the Development Owner shall reimburse the Department for any such disallowed costs.

Section 9.4 Development Performance Reports

No later than five (5) calendar days following the end of each calendar quarter, commencing after the date hereof, the Development Owner shall deliver Recovery Act required reporting to the Department. Development Owner and all subcontractors shall track all funds under this Agreement and their projected statuses separately from all other funds, and shall assist the Department in preparing and filing the Department's recipient reports required by Section 1512(c) of the Recovery Act. Development Owner shall provide to the Department, not later than five (5) calendar days after the end of each calendar quarter, the following information:

A. An estimate of the number of jobs created and the number of jobs retained by the development or activity for both the Development Owner and subcontractors;

B. The names and total compensation of the five most highly compensated officers of the Entity if:

(i) the recipient in its preceding fiscal year received:

(a) 80 percent or more of its annual gross revenues in Federal awards; and

(b) $25,000,000 or more in annual gross revenues from Federal awards; and

(ii) the public does not have access to information about the compensation of the senior executives of the entity through periodic reports filed under section 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. 78m(a), 78o(d)) or section 6104 of the Internal Revenue Code of 1986 [26 USC Section 6104];

C. Vendor information including description of product or service, name, zip code, DUNS number, payment amount; and

D. Any other information requested by the Department related to the Agreement.

Section 9.5 Additional Reports

Unless otherwise determined by the Department, the reports required under this Article IX are in addition to any reports which may be required to be delivered to the Department by virtue of the Security Instruments. The Department shall notify the Development Owner of any such determination under this Section 9.5.

ARTICLE X
ASSET MANAGEMENT

Section 10.1 Appointment of Asset Manager

The Department shall be or designate the Asset Manager. The Department shall provide the Development Owner with written notice of any such designation.

Section 10.2 Asset Management Duties

The Asset Manager will perform asset management functions that are necessary or consistent with the Department's obligation to ensure compliance with Section 42 of the Code and the long-term viability of the Development.

Section 10.3 Asset Management Fee

A. In consideration of the services and obligations of the Asset Manager hereunder, the Development Owner hereby agrees to pay to the Department an annual fee (the "**Asset Management Fee**") in an amount not to exceed the amount set forth in the Summary, as reasonably adjusted from time to time by the Department.

(i) The Asset Management Fee shall be an operating expense of the Development Owner and must be included in the annual pro forma operating budgets for the Development.

(ii) The Asset Management Fee may be changed once a year by the Department.

B. The Asset Management Fee shall be payable commencing January 1st following the year in which Closing occurs, or such other date as may be specified by the Department. Upon receipt of an invoice from the Department for the amount of Asset Management Fee that has accrued for services rendered during the period of time described therein (which may be quarterly or annually). The Development Owner shall have until the first Business Day following thirty (30) calendar days from receipt of an invoice from the Department to remit payment to the Department.

C. In no event may TCAP Funds be used to pay any portion of the Asset Management Fee.

ARTICLE XI
DEFAULT; TERMINATION

Section 11.1 Events of Default

A. Any of the following events shall constitute an "**Event of Default**" under this Agreement:

(i) a breach by the Development Owner of any of its representations, warranties or covenants contained in this Agreement or in the performance of any of its obligations under this Agreement, in either event that (a) has or might reasonably be expected to have a material adverse impact on the operation of the Development, and (b) is not cured by the first Business Day following thirty (30) calendar days (in the case of a monetary default) or by the first Business Day following sixty (60) calendar days (in the case of a non-monetary default) from notice of such breach or default from the Asset Manager or the Department to the Development Owner, *provided, however*, that if a non-monetary default cannot reasonably be cured by the first Business Day following sixty (60) calendar days and the Development Owner commences a cure within ten (10) Business Days and proceeds in good faith to effect such cure thereafter, the cure period with respect to such breach or default may be extended by the Department to a date no later than the latest permissible date for correction of the applicable breach under the Program Requirements without causing a Recapture Event;

(ii) the commencement of non-judicial foreclosure proceedings with respect to any Mortgage, which have not been withdrawn or dismissed by the first Business Day following thirty (30) calendar days from the date of such commencement or the commencement of any judicial foreclosure proceedings;

(iii) a violation of any law, regulation or order applicable to the Development Owner or the Development that has or might reasonably be expected to have a material adverse impact on the operation of the Development and is not cured within the applicable cure period, if any, provided in such law, regulation, or order;

(iv) a Default has occurred under the TCAP LURA, which is not cured within the time period for cure as provided therein;

(v) gross negligence, fraud, willful misconduct, misappropriation of funds, or felonious activity by the Development Owner or any Affiliate of the Development Owner providing services to or in connection with the Development;

(vi) the Department has advised the Development Owner that it does not believe that the Development can be completed within the timeframes set forth in the Program Requirements and the Development Owner has failed to provide the Department with reasonable assurances, acceptable to the Department in its sole reasonable judgment, that the Development will be completed within the time frames set forth under the Program Requirements;

(vii) the construction completion benchmarks do not occur within the time periods required by this Agreement or such later time as may be approved by the Department;

(viii) Cost Certification does not occur in accordance with Section 7.3 of this Agreement;

(ix) the Development Owner is debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD;

(x) repeated or prolonged failure to provide any Required Report;

(xi) a Recapture Event shall occur and the Recapture Amount due in connection therewith shall remain unpaid for a period of ten (10) Business Days after notice thereof from the Department or HUD, unless a later date is specified in such notice;

(xii) the Development Owner violates the covenants contained in Section 5.3 hereof; or

(xiii) Default shall occur under any of the Mortgage Loans and any TCAP Loans and it is not cured within any applicable notice, grace and/or cure period.

Section 11.2 Remedies Upon an Event of Default

A. The Department shall have the right to exercise any of the following remedies upon an Event of Default which remains uncured:

(i) temporarily suspend making payments of TCAP Funds under this Agreement pending correction of the deficiency or Event of Default by the Development Owner;

(ii) cease making any further payments under this Agreement;

(iii) terminate this Agreement;

(iv) require that the Developer, the property manager, the contractor or any other Person providing services to the Development Owner be replaced with another contractor chosen by the Developer (or by the Development Owner if the Developer is the party being replaced) and acceptable to the Department;

(v) require the removal or withdrawal of the General Partner or Managing Member, as applicable and however designated, of the Development Owner and provide for the Department, by virtue of the General Partner Assignment, Pledge and Security Agreement, as applicable, or its designee or assignee, to act in its stead, pending appointment of a replacement under the organizational or constitutive documents of the Development Owner;

(vi) deny the Development Owner and its Affiliates the right to participate in programs of the Department or impose penalties in accordance with TDHCA's rules;

(vii) draw upon and apply any escrows and/or reserve accounts in accordance with their terms;

(viii) exercise any rights it may have under the Security Instruments, including foreclosure of the liens thereunder, if applicable, or assignment of ownership interest in Development Owner, if applicable; and

(ix) exercise any other rights and remedies that may be available under law or in equity.

B. In addition to the remedies described in Section 11.2A above, the Development Owner shall, upon demand by the Department following an Event of Default, repay any amount of TCAP Funds previously disbursed to the Development Owner under the terms of this Agreement.

C. The Department may, in its sole discretion and within the limits of federal and State law, waive any one or more rights, remedies or requirements under this Agreement if it finds that waiver is appropriate to fulfill the purposes and policies of Chapter 2306 of the Texas Government Code, or for good cause as determined by the Department.

D. Each right and remedy provided in this Agreement is distinct from all other rights or remedies under this Agreement, the Security Instruments, or the TCAP LURA, or otherwise afforded by applicable law, and each shall be cumulative and may be exercised concurrently, independently, or successively, in any order.

Section 11.3 Third-Party Rights to Notice and Cure

A. The Department shall provide the Lender and the Tax Credit Investor with a copy of any written notice of default, Default, Event of Default or Recapture Event provided to the Development Owner in the manner set forth in Section 12.1 hereof.

B. The Department hereby agrees that any cure of any default, Default or Event of Default made or tendered by any Lender or the Tax Credit Investor shall be deemed to be a cure

by the Development Owner and shall be accepted or rejected on the same basis as if such cure were made or tendered by the Development Owner.

Section 11.4 Enforcement; Specific Performance

The Development Owner acknowledges that the primary purpose for requiring compliance with the restrictions provided in this Agreement is to ensure compliance by the Development and the Development Owner with Section 42 of the Code and the Program Requirements, **AND BY REASON THEREOF, THE DEVELOPMENT OWNER IN CONSIDERATION FOR RECEIVING THE TCAP LOAN FOR THIS DEVELOPMENT HEREBY AGREES AND CONSENTS THAT THE DEPARTMENT, HUD, AND/OR THE RESIDENTS OF THE DEVELOPMENT SHALL BE ENTITLED, FOR ANY BREACH OF THE PROVISIONS HEREOF, AND IN ADDITION TO ALL OTHER REMEDIES PROVIDED ABOVE OR BY LAW OR IN EQUITY, TO ENFORCE SPECIFIC PERFORMANCE BY THE DEVELOPMENT OWNER (AND ITS SUCCESSORS AND ASSIGNS) OF ITS OBLIGATIONS UNDER THIS AGREEMENT IN STATE DISTRICT COURT IN TRAVIS COUNTY FOR ANY AND ALL BREACHES OF THE CONDITIONS AND RESTRICTIONS HEREOF**. The Development Owner hereby further specifically acknowledges that the beneficiaries of the Development Owner's obligations hereunder cannot be adequately compensated by monetary damages in the event of any Event of Default hereunder.

ARTICLE XII
GENERAL PROVISIONS

Section 12.1 Notices

A. Except as otherwise specifically provided herein, all notices, demands or other communications hereunder shall be in writing and shall be deemed to have been given

(i) five (5) Business Days after being deposited in the United States mail and sent by certified or registered mail, postage prepaid,

(ii) one (1) Business Day after being delivered to a nationally recognized overnight delivery service,

(iii) on the day sent by telecopier or other facsimile transmission, answerback requested, or

(iv) on the day delivered personally.

B. In each case, written notices will be delivered to the parties at the addresses set forth in this Agreement or at such other addresses as such parties may designate by notice to the Department:

(i) To the Department, at the address stated in the first paragraph of this Agreement.

(ii) To the Development Owner.

(iii) To the Tax Credit Investor pursuant to Sections 6.3 or 11.3.

(iv) To the Lenders pursuant to Sections 6.3 or 11.3.

Any of the above-listed Persons may, by ten (10) Business Days prior written notice, sent certified mail, return receipt requested, to all other such Persons and Entities, revise the place to which notice may be directed. Until the full ten (10) Business Days period has elapsed and the notice of change has actually been sent and received, the locations set forth in this Agreement or the most recent in effect locations shall be presumptively correct.

Section 12.2 Rules of Construction

Unless the context clearly indicates to the contrary, the following rules apply to the construction of this Agreement:

(i) Words importing the singular number include the plural number and words importing the plural number include the singular number;

(ii) Words of the masculine gender include correlative words of the feminine and neuter genders, and vice versa;

(iii) The table of contents and the headings or captions used in this Agreement are for convenience of reference and do not constitute a part of this Agreement, nor affect its meaning, construction, or effect;

(iv) Words importing Persons include any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, or government or agency or political subdivision thereof;

(v) Any reference in this Agreement to a particular "Article," "Section," or other subdivision shall be to such Article, Section, or subdivision of this Agreement unless the context shall otherwise require;

(vi) Each reference in this Agreement to an agreement or contract shall include all amendments, modifications, and supplements to such agreement or contract unless the context shall otherwise require; and

(vii) When any reference is made in this document or any of the schedules or exhibits attached hereto to the Agreement, it shall mean this Agreement, together with all other schedules and exhibits attached hereto, as though one document.

Section 12.3 Binding Provisions

The covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the heirs, legal representatives, successors and assignees of the respective parties hereto, except in each case as expressly provided to the contrary in this Agreement.

Section 12.4 Assignments

This Agreement and the proceeds of the TCAP Loan may not be assigned, pledged, hypothecated, transferred, mortgaged or otherwise conveyed to any Person without the consent of the Department.

Section 12.5 Absence of Rights in Third-Parties

No provision of this Agreement shall be construed in any manner so as to create any rights in Persons or Entities that are not a party to this Agreement other than as provided in Section 11.3 hereof. The provisions of this Agreement shall be interpreted solely to define specific duties and responsibilities between the Development Owner, the Department, and the Asset Manager (as agent and representative of the Department), and shall not provide any basis for claims of any other Person other than Treasury.

Section 12.6 Applicable Law

This Agreement shall be construed and enforced in accordance with the internal laws of the State, except as federal law may otherwise apply.

Section 12.7 Counterparts

This Agreement may be executed in several counterparts, and all so executed shall constitute one Agreement, binding on all the parties hereto. Any counterpart of this Agreement, which has attached to it separate signature pages which together contain the signatures of all the parties hereto or is executed by an attorney-in-fact on behalf of some or all of the parties, shall for all purposes be deemed a fully executed instrument.

Section 12.8 Survival

All representations, warranties, and indemnifications contained herein shall survive the termination of this Agreement.

Section 12.9 Separability of Provisions; Rights and Remedies; Consistency with Program Requirements

A. Each provision of this Agreement shall be considered separable and if for any reason any provision or provisions herein are determined to be invalid and contrary to any existing or future law, such invalidity shall not impair the operation of or affect those portions of this Agreement which are valid. Any portion hereof found to be illegal or invalid shall be deemed deleted *ab initio*, and all other provisions shall remain in full force and effect and construed so as most nearly to effectuate the intent of the parties.

B. Unless otherwise specifically provided herein, the rights and remedies of any of the parties hereunder shall not be mutually exclusive, and the exercise of one or more of the provisions hereof shall not preclude the exercise of any other provisions hereof. Each of the parties confirms that damages at law may be an inadequate remedy for breach or threat of breach of any provisions hereof. The respective rights and obligations hereunder shall be enforceable by

specific performance, injunction, or other equitable remedy, but nothing herein contained is intended to limit or affect any rights at law or by statute or otherwise of any party aggrieved as against the other parties for a breach or threat of breach of any provision hereof, it being the intention by this paragraph to make clear that under this Agreement the respective rights and obligations of the parties shall be enforceable in equity as well as at law or otherwise.

C. The provisions of this Agreement are intended to implement the TCAP Program in accordance with Program Requirements and with Section 42 of the Code as applicable to the TCAP Program, and shall be interpreted consistently therewith. In the event of any conflict between the provisions of this Agreement and the Program Requirements, the Program Requirements shall govern and, to the extent necessary, the inconsistent provisions of this Agreement shall be without effect.

D. In accordance with Section 2306.082, Texas Government Code, it is the Department's policy to encourage the use of appropriate alternative dispute resolution procedures ("**ADR**") under the Governmental Dispute Resolution Act, Chapter 2009, Texas Government Code, to assist in resolving disputes under the Department's jurisdiction. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by the Department's ex parte communications policy, the Department encourages informal communications between Department staff and the Development Owner, and other interested Persons, to exchange information and informally resolve disputes. The Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time the Development Owner or other Person would like to engage the Department in an ADR procedure, the Person may send a proposal to the Department's Dispute Resolution Coordinator. For additional information on the Department's ADR Policy, see the Department's General Administrative Rule on ADR at 10 TAC Section 1.17.

Section 12.10 Independent Contractor; Indemnification

IT IS EXPRESSLY UNDERSTOOD AND AGREED BY THE PARTIES HERETO THAT THE DEPARTMENT IS CONTRACTING WITH THE DEVELOPMENT OWNER AS AN INDEPENDENT CONTRACTOR, AND THAT DEVELOPMENT OWNER, AS SUCH, AGREES TO HOLD HARMLESS AND TO INDEMNIFY THE DEPARTMENT AND ITS OFFICERS, AGENTS AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS, DEMANDS AND CAUSES OF ACTION OF EVERY KIND AND NATURE WHICH MAY BE ASSERTED BY ANY THIRD-PARTY IN CONNECTION WITH, ARISING OUT OF, OR IN ANY WAY INCIDENT TO THE SERVICES PERFORMED BY THE DEVELOPMENT OWNER UNDER THIS AGREEMENT.

Section 12.11 Conflict of Interest

Development Owner must comply with 24 C.F.R. Section 92.356(f). No owner, developer or sponsor of the Development, including their officers, employees, agents, consultants or elected or appointed officials may occupy a unit in the Development (with the exceptions of (1) an individual living in a Development where he/she is a project manager or a

maintenance worker in that development and (2) an individual receiving TCAP Funds to acquire or rehabilitate his/her principal residence).

Section 12.12 Non-Discrimination

The Development Owner shall ensure that no Person shall on the grounds of race, color, religions, sex, handicap, familial status, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity funded in whole or in part with funds provided under this Agreement.

Section 12.13 Force Majeure

Performance under this contract may be interrupted by an event of Force Majeure. **"Force Majeure"** means an event of catastrophic weather conditions or other extraordinary elements of nature or acts of God; or acts of war (declared or undeclared); acts of terrorism, insurrection, riots, civil disorders, rebellion or sabotage; or quarantines, embargoes and other similar unusual actions of federal, provincial, local or foreign Governmental Authorities where the non-performing Party is without fault in causing or failing to prevent the occurrence of such event, and such occurrence could not have been circumvented by reasonable precautions and could not have been prevented or circumvented through the use of commercially reasonable alternative sources, workaround plans or other means.

Section 12.14 Counterparts and Facsimile Signatures

This Agreement may be executed in one or more counterparts each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Signed signature pages may be transmitted by facsimile or electronic transmission, and any such signature shall have the same legal effect as an original.

IN WITNESS WHEREOF, each of the Parties has executed this Agreement as of the dates written below.

DEPARTMENT:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, an agency of the State of Texas, established by Chapter 2306, Texas Government Code

By: _____
[Name], [Title]

Date: _____

DEVELOPMENT OWNER

_____
_____
_____

By: _____
[Name], [Title]

Date: _____

DEVELOPER
(for purposes of Section 4.6)

_____
_____
_____

By: _____
[Name], [Title]

Date: _____

Exhibit A

DESCRIPTION OF DEVELOPMENT SITE

[attached behind]

Exhibit B

TDHCA UNDERWRITING REPORT

[attached behind]

Exhibit C

DUE DILIGENCE AND CLOSING REQUIREMENTS

A. Final construction loan approval from Lenders;

B. Receipt of a construction set of architectural drawings;

C. Copies of the final building permits authorizing commencement of construction;

D. Owner/Contractor Agreement with Federal Labor Standards Provisions (HUD form 4010) attached to and referenced to as an attachment in the Owner/Contractor Agreement)

E. Owner/Architect Agreement

F. Payee ID, Auto Deposit Form and Access Request Form

G. Insurance Certifications: (Development Owner must copy to escrow agent for Closing CD)[1]

(i) Development Owner Liability with TDHCA as additional insured – amount sufficient to cover TDHCA loan with a minimum policy amount of $1,000,000.

(ii) If Development Owner is a corporation they shall maintain director or officer liability insurance coverage (D&O) in an amount, not less than $1,000,000 that is sufficient to protect the interests of Department.

(iii) General Contractor Public Liability, Builder's Risk & Workers Comp with TDHCA as additional insured (must be non-reporting type) – this can be supplied 1- 2 days prior to Closing.

(iv) Once the development is completed, property and casualty insurance in an amount sufficient to protect Department's interest in the Development, issued on a replacement cost basis and insuring the full replacement cost of the Mortgaged Development. This insurance is to be furnished through a company of Development Owner's choice with a rating of at least "A-" by Standard & Poor Insurance Solvency Review and/or at least "A, XI" by Best's Insurance Guide with the Texas Department of Housing and Community Affairs listed as a mortgagee.

H. Resolutions of Development Owner, indicating authority to obtain the TCAP Funds and parties authorized to execute TCAP Loan Documents.

I. Commitment for a mortgagee's loan policy in the amount of the TCAP Loan, with TDHCA as the mortgagee, and copies of all exception documents.

[1] Documents to be provided by Development Owner to Escrow Agent for Closing

J. Survey with Certification to the Development Owner, title company, Tax Credit Investor and Lenders including the Texas Department of Housing and Community Affairs. Must include Floodplain designation. If improvements the survey must show all improvements. Full sized survey and pdf version delivered to TDHCA. If there is a final plat that must also be delivered to TDHCA in hard copy and pdf format. (Development Owner must pdf and copy to escrow agent for Closing CD)

K. Notice to Proceed. Development Owner must receive a Notice to Proceed from the Department prior to the start of any construction activities and/or prior to disbursements of funding for construction related activities. Developments with twelve (12) or more HOME or TCAP assisted units and developments with eight (8) or more **C**DBG or NSP assisted units are required to meet Davis Bacon Prevailing Wage Regulations and submit required documents prior to the issuance of the Notice to Proceed. At a minimum, a Labor Standard Officer (TDHCA Form 6.02) must be submitted to the Department to receive authorization for acquisition disbursement.[1] If Development construction will begin within ten (10) days of Closing the Development Owner must comply with the Department's established Notice to Proceed policy and procedures prior to Closing. However, different standards may be required if construction of the Development commenced prior to the Application for TCAP Funds. Please contact Carmen Roldan, carmen.roldan@tdhca.state.tx.us, 512-475-2215 as soon as possible.

L. Updates and changes from the initial Application, including any changes resulting from an increase or decrease in development costs and financing committed for the Development. Any such updates or conditions shall be submitted to the Department using the forms in the 2009 Uniform Application (or any supplements thereto) including, without limitation, the following:

(i) Development Owner must submit a final budget (Sources and Uses), 30 year operating proforma, and development cost schedule to be approved by the Department, prior to the closing of the loan.(If funding sources change also submit commitment or term letters)

(ii) Survey with Certification to the Development Owner, title company, Tax Credit Investor and Lenders including the Texas Department of Housing and Community Affairs. Must include Floodplain designation. If improvements the survey must show all improvements. Full sized survey and pdf version delivered to TDHCA. If there is a final plat that must also be delivered to TDHCA in hard copy and pdf format. (Development Owner must pdf and copy to escrow agent for Closing CD)[2]

(iii) Proof of Zoning; any changes to the zoning.

(iv) Proof of Utilities, any changes to the availability of utilities.

(v) Environmental Clearance - Do not close on site acquisition prior to Environmental Clearance and please submit the "Environmental Clearance Certification"

[2] Documents to be provided by Development Owner to Escrow Agent for Closing

executed by the Development Owner to the Closing Specialist. This form can be found TDHCA HOME Tab>Program Forms>RHD>Program Forms-Loan Closing

(vi) Phase I Environmental Site Assessment (ESA); and updates to the ESA.

(vii) Organization Chart if not included in application along with copies of all organizational documents to include Development Owner's Resolution (proof of whom is authorized to sign the loan documents)

(viii) "Amended and Restated L.P. Agreement" signed by Development Owner and Tax Credit Investor (this can be provided 1-2 days prior to closing to be held in escrow by the Department until Tax Credit Investor authorizes its release) – if Housing Tax Credits have been awarded[3]

(ix) If the Development Owner has closed on other funding prior to closing on the TDHCA loan/s then please provide copies of such documents.

(x) Acceptance letters from all primary or secondary lien holders, financial providers or lessor stating that the lien holder, financial providers or lessor accepts the terms and conditions of this loan commitment.

(xi) To the extent there has been any change in the anticipated ownership of the Development Owner or Developer, the Department shall receive an updated organizational chart and organizational documents, as applicable. Development Owner must comply with the provisions of the QAP with regard to any ownership changes.

(xii) Due-diligence and/or Special Provisions as follows: [Real Estate Analysis Underwriting Conditions Inserted Here]

[3] Documents to be provided by Development Owner to Escrow Agent for Closing

Exhibit D

SUMMARY INFORMATION REPORT

Name of Development Owner _____

DUNS Number _____

Contact Information for Development Owner

Name: _____

Mailing Address: _____

City, State, Zip Code: _____

Email: _____

Phone: _____

Fax: _____

Contact Information for Development Owner Document Copies

Name: _____

Mailing Address: _____

City, State, Zip Code: _____

Email: _____

Phone: _____

Fax: _____

Development Name _____

Development Address

Street: _____

City, State, Zip Code: _____

TDHCA TCAP Application/File Number _____

TDHCA Tax Credit Application/File Number _____

Initials: ____

Asset Management Fee (per unit, per year) _____

Total Number of Units _____

Total Number of Low-Income Units _____

Total Number of Section 504 Accessible Units _____

Total Number of Energy Star-Qualified Units _____

Type of Development (check one)

☐ New Construction
☐ Acquisition with Rehabilitation
☐ Rehabilitation

Target Population (check one)

☐ Families
☐ Seniors
☐ Other: _____

Annual Tax Credit Award Amount _____

Tax Credit Award Pool (check one) ☐ 2007 ☐ 2008 ☐ 2009

Source of Tax Credit Award (check one)

☐ Section 42(h) of the Code
☐ Disaster Credits under Section 1400N
☐ Other: _____

Name of Tax Credit Investor _____

Total Amount of Equity Investment _____

Contact Information for Tax Credit Investor

Name: _____

Mailing Address: _____

City, State, Zip Code: _____

Email: _____

Phone: _____

Fax: _____

Initials: ____

TCAP Loan/Award

☐ Equity Bridge Loan Initiative

1. Loan Type. A loan to finance the [acquisition and new construction / acquisition and rehabilitation / new construction / rehabilitation] of a ( ) unit [elderly / multifamily] rental housing development, known as _____.
2. Loan Amount. _____ AND NO/100 DOLLARS ($ .00).
3. Loan Term. The loan term shall be _____ years commencing at Closing.
4. Annual Interest Rate. The interest rate will be equal to zero percent (0%) per annum.
5. Payment Terms. _____ equal payments shall be due and payable to the Department on or before December 31 beginning ___ years from the end of the first year of the Credit Period and continuing annually thereafter. Any outstanding amounts shall be due at maturity.
6. Security for the Loan. An anticipated _____ lien deed of trust against the Property during the permanent phase, together with a security agreement and assignment of rents and financing statement, for all improvements, personal property, contracts and other rights associated with the Property; OR In lieu of a deed of trust against the property, the TCAP Funds shall be secured by the Limited Partner Assignment Pledge and Security Agreement.

☐ Permanent Loan Replacement Initiative

1. Loan Type. A loan to finance the [acquisition and new construction / acquisition and rehabilitation / new construction / rehabilitation] of a ( ) unit [elderly / multifamily] rental housing development, known as _____.
2. Loan Amount. _____ AND NO/100 DOLLARS ($ .00).
3. Loan Term. The loan term shall be _____ years, fully amortizing over a period of _____ years, to begin on the latest of (i) February 16, 2012, (ii) the Construction Completion Date, (iii) the expiration of the HUD grant period, or (iv) a date determined by the Department ("Permanent Loan Commencement").
4. Annual Interest Rate. The interest rate will be equal to _____ percent (_____%) per annum.
5. Payment Terms. No interest will accrue prior to Permanent Loan Commencement. From and after Permanent Loan Commencement, monthly payments of the unpaid principal and interest shall be due and payable to the Department. Any outstanding amounts shall be due at maturity.
6. Security for the Loan. An anticipated _____ lien deed of trust against the Property during the permanent phase, together with a security agreement and assignment of rents and financing statement, for all improvements, personal property, contracts and other rights associated with the Property.

☐ Tax Credit Replacement Initiative

1. Loan Type. A loan to finance the [acquisition and new construction / acquisition and rehabilitation / new construction / rehabilitation] of a ( ) unit [elderly / multifamily] rental housing development, known as _____.
2. Loan Amount. _____ AND NO/100 DOLLARS ($ .00).
3. Loan Term. The loan term shall be thirty (30) years, with payments to begin on the latest of (i) February 16, 2012, (ii) the Construction Completion Date, (iii) the expiration of the HUD grant period, or (iv) a date determined by the Department ("Permanent Loan Commencement").
4. Annual Interest Rate. The interest rate will be equal to zero percent (0%) per annum.
5. Payment Terms. No interest will accrue prior to Permanent Loan Commencement. From and after Permanent Loan Commencement, thirty (30) semiannual payments of the unpaid principal and interest shall be due and payable to the Department. Payments shall be equal to (i) ten percent (10%) of the total amount available for payment or distribution by the Development Owner after payment of all operating expenses of the Development times (ii) the total TCAP Loan as a percentage of the sum of all equity generated from tax credits and the Tax Credit Replacement Initiative. If a sale or refinancing of the property occurs at anytime during the loan term, ten percent (10%) of the sale or refinancing proceeds shall be paid toward the outstanding balance of the TCAP Loan. The balance of any outstanding principal or accrued interest shall be forgiven at maturity.
6. Security for the Loan. An anticipated _____ lien deed of trust against the Property during the permanent phase, together with a security agreement and assignment of rents and financing statement, for all improvements, personal property, contracts and other rights associated with the Property.

Initials: ____

Exhibit E

PROJECTED DRAW SCHEDULE

COMPLETION BENCHMARK	PROJECTED DRAW DATE	DRAW AMOUNT	PERCENTAGE OF TCAP LOAN
Twenty-Five Percent Construction Completion Date[4]			
Fifty Percent Construction Completion Date[5]			
Seventy-Five Percent Construction Completion Date[6]			75%
Construction Completion Date[7]			100%
TOTAL:			100%

[4] Projected date of initial disbursement should be within six (6) months from Closing (per TDHCA policy).

[5] Projected date of 50% completion disbursement should be within 12 months from Closing (per TDHCA policy).

[6] 75% of all TCAP funds (statewide) must be expended by February 14, 2011 (per TCAP Requirements). Need to determine whether an additional draw is required here.

[7] Projected date of completion must be prior to November 30, 2011 (per TCAP Requirements) and 24 months from Closing (per TDHCA policy).

Exhibit F

MORTGAGE LOANS

Mortgage Lender Name _____

Contact Name: _____

Mailing Address: _____

City, State, Zip Code: _____

Email: _____

Phone: _____ Fax: _____

Amount: _____ Interest Rate: _____

Annual Payment: _____ Term: _____

Other: _____

Mortgage Lender Name _____

Contact Name: _____

Mailing Address: _____

City, State, Zip Code: _____

Email: _____

Phone: _____ Fax: _____

Amount: _____ Interest Rate: _____

Annual Payment: _____ Term: _____

Other: _____

Exhibit G

AFFIRMATIVE FAIR HOUSING MARKETING PLAN

[attached behind]

Exhibit H
APPLICABLE LEGAL REQUIREMENTS

The Fair Housing Act (42 U.S.C. 3601-20) and implementing regulations at 24 CFR part 100; Executive Order II063, as amended by Executive Order 11063, as amended by Executive Order 12259 (3 CFR, 1958-1963 Comp., p. 652 and 3 CFR, 1980 Comp., p. 307) (Equal Opportunity in Housing) and implementing regulations at 24 CFR, Part 107

Title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d) (Nondiscrimination in Federally Assisted Programs) and implementing regulations at 24 CFR, Part 1; Executive Order 11063, as amended by Executive Order 12259, and 24 CFR part 107, "Nondiscrimination and Equal Opportunity in Housing under Executive Order 11063"

The Age Discrimination Act of 1975 (42 U.S.C. 610107) and implementing regulations at 24 CFR, Part 146, "Nondiscrimination on the Basis of Age in HUD Programs or Activities Receiving Federal Financial Assistance", and the prohibitions against discrimination against handicapped individuals under Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 794) and implementing regulations at 24 CFR, Part 8; Executive Order 11246 (3 CFR 1964-65, Comp., p. 339) (Equal Employment Opportunity) and the implementing regulations issued at 41 CFR, Chapter 60

Affirmative Marketing When marketing TCAP units, the owner must comply with the TCAP affirmative fair housing marketing plan and procedures established by TDHCA.

Section 504 of the Rehabilitation Act of 1973 (29 U.S.C., Section 794) and implementing regulations at 24 CFR Part 8, "Nondiscrimination Based on Handicap in Federally-Assisted Programs and Activities of the Department of Housing and Urban Development"

> *Note: For new construction developments and developments undergoing substantial rehabilitation, five percent of the units must be accessible to persons with mobility impairments and two percent must be accessible to persons with hearing or vision impairments (See 24 CFR 8.22). Substantial rehabilitation for a multifamily rental development is defined in 24 CFR 8.23 as a development with 15 or more units for which the alterations would equal more than seventy-five percent (75%) of the replacement cost of the facility. For developments in which the rehabilitation is not substantial, the Section 504 provisions are applicable only to the maximum extent feasible. (See 24 CFR 8.23).*

National Environmental Policy Act of 1969 (42 U.S.C. Sec. 4321 et. seq.) and all laws referenced by, and requirements set forth in, 24 CFR Part 58.6

Lead-Based Paint Poisoning Prevention Act (42 U.S.C. Sec. 4831 et. seq.), **Residential Lead-Based Paint Hazard Reduction Act of 1992** (42 U.S.C. Sec. 4851 et. seq.) and implementing regulations at 24 CFR Part 35.

> *Note: The lead-based paint requirements are applicable to rehabilitation developments only.*

Davis-Bacon Prevailing Wages The wage rate requirements of section 1606 of Division A of the American Recovery and Reinvestment Act of 2009.

Anti-Lobbying Restrictions Restrictions on lobbying in 31 USC 1352 and implementing regulations at 24 CFR Part 87 "New Restrictions on Lobbying".

Non-procurement Debarment and Suspension Compliance with subpart C of 2 CFR Part 180, as required by 2 CFR Part 2424.

Interior and Related Agencies Appropriations Act for Fiscal Year 1990 (31 U.S.C. 1352) (Restrictions on Lobbying), as amended, and implementing regulations at 24 CFR Part 87 "New Restrictions on Lobbying"

Federal Acquisition Streamlining Act of 1994 (Section 2455, Pub. L. 103–355, 108 Stat. 3327) (Non-Procurement Debarment and Suspension) and implementing regulations at 2 CFR Part 2424; Executive Order 12549, Debarment and Suspension (3 CFR 1986 Comp., p. 189); Executive Order 12689, Debarment and Suspension (3 CFR 1989 Comp., p. 235)

Federal Drug-Free Workplace Act of 1988 (41 U.S.C. 701 et. seq.) and implementing regulations at 24 CFR Part 21

Requirement to Post Notice Of Whistleblower Rights and Remedies Any employer receiving funds under this Agreement shall post notice of the rights and remedies afforded whistleblowers under Section 1553 of the Recovery Act.

Requirement for Fixed-Price Contracting To the maximum extent possible, subcontracts funded under this Agreement shall be awarded as fixed-price contracts through the use of competitive procedures. Development Owner shall post a summary of any contract awarded with such funds that is not fixed-price and not awarded using competitive procedures on the federal website established pursuant to Section 1526 of the Recovery Act.

Prohibited Uses of Funds Any funds made available under this Agreement shall not be used for any casino or other gambling establishment, aquarium, zoo, golf course, or swimming pool.

Prevailing Wages and Rates Paid to Contractors and Subcontractors Notwithstanding any other provision of law and in a manner consistent with other provisions of the Recovery Reinvestment Act, all laborers and mechanics employed by the Development Owner and subcontractors on projects funded directly by or assisted in whole or in part by and through the federal government pursuant to the Recovery Act shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with subchapter IV of chapter 31 of title 40, United States Code.

Exhibit I

CERTIFICATION REGARDING LOBBYING FOR CONTRACTS, GRANTS, LOANS, AND COOPERATIVE AGREEMENTS

The undersigned certified, to the best of its knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any Person for influencing or attempting to influence an officer or employee of an agency, a member of congress, an officer or employee of congress, or an employee of a member of congress in connection with the awarding of any federal contract, the making of any federal grant, the making of any federal loan, the entering into of any cooperative agreement or modification of any federal contract, grant, loan, or cooperative agreement.

2. If any funds other than federal appropriated funds have been paid or will be paid to any Person for influencing or attempting to influence an officer or employee of any agency, a member of congress, an officer or employee of congress, or an employee of a member of congress in connection with this federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.

   The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub grants, and contracts under grants, loans, and cooperative agreements) and that all subrecipients shall certify and disclose accordingly.

This certification is material representation of fact which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any Person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Signed: _____ DATE: _____

Name: _____

Title: _____

Exhibit J

PROJECTED CONSTRUCTION SCHEDULE

[attached behind]

Exhibit K

AUTHORIZED OFFICER(S) OF THE OWNER

NAME	TITLE	SPECIMEN SIGNATURE

TABLE OF CONTENTS

ARTICLE I DEFINITIONS 2

ARTICLE II LOAN OF TCAP FUNDS 10

Section 2.1 TCAP Loan 10
Section 2.2 Term 11
Section 2.3 TCAP Loan Terms 11

ARTICLE III INITIAL DISBURSEMENT OF TCAP FUNDS 11

Section 3.1 Due Diligence and Closing Requirements 11

ARTICLE IV DISBURSEMENTS OF TCAP FUNDS 13

Section 4.1 Eligible Costs 13
Section 4.2 Requisitions; Expenditure Deadlines 14
Section 4.3 Change Orders 15
Section 4.4 Disbursements 15
Section 4.5 Construction Meetings; Monitoring 16

ARTICLE V COVENANTS AND RESTRICTIONS 16

Section 5.1 TCAP LURA 16
Section 5.2 Compliance with Program Requirements 17
Section 5.3 Covenants Regarding Sale or Assignment of Development, Contracts or Interests 18

ARTICLE VI RECAPTURE 18

Section 6.1 Recapture Event 18
Section 6.2 Enforcement 19
Section 6.3 Notice 19
Section 6.4 Right to Cure 20
Section 6.5 Preservation of Rights and Remedies 20

ARTICLE VII REPRESENTATIONS AND WARRANTIES 20

Section 7.1 Representations, Warranties and Covenants of the Development Owner 20
Section 7.2 Covenants of Construction Completion 25
Section 7.3 Cost Certification 26

ARTICLE VIII RESERVE ACCOUNTS 26

Section 8.1 Replacement Reserve 26
Section 8.2 Funding of Reserve Accounts 27

ARTICLE IX BOOKS AND REPORTING 27

Section 9.1 Maintenance, Retention and Accessibility of Books; Reporting Generally 27
Section 9.2 Compliance Monitoring Reports 28
Section 9.3 Financial and Performance Audit 28
Section 9.4 Development Performance Reports 29

Section 9.5 Additional Reports 30

ARTICLE X ASSET MANAGEMENT 30

Section 10.1 Appointment of Asset Manager 30
Section 10.2 Asset Management Duties 30
Section 10.3 Asset Management Fee 30

ARTICLE XI DEFAULT; TERMINATION 31

Section 11.1 Events of Default 31
Section 11.2 Remedies Upon an Event of Default 32
Section 11.3 Third-Party Rights to Notice and Cure 33
Section 11.4 Enforcement; Specific Performance 34

ARTICLE XII GENERAL PROVISIONS 34

Section 12.1 Notices 34
Section 12.2 Rules of Construction 35
Section 12.3 Binding Provisions 35
Section 12.4 Assignments 36
Section 12.5 Absence of Rights in Third-Parties 36
Section 12.6 Applicable Law 36
Section 12.7 Counterparts 36
Section 12.8 Survival 36
Section 12.9 Separability of Provisions; Rights and Remedies; Consistency with Program Requirements 36
Section 12.10 Independent Contractor; Indemnification 37
Section 12.11 Conflict of Interest 37
Section 12.12 Non-Discrimination 38
Section 12.13 Force Majeure 38
Section 12.14 Counterparts and Facsimile Signatures 38

EXHIBITS

Exhibit A – Description of Development Site
Exhibit B – TDHCA Underwriting Report
Exhibit C – Due Diligence and Closing Requirements
Exhibit D – Summary Information Report
Exhibit E – Development Draw Schedule
Exhibit F – Mortgage Loans
Exhibit G – Affirmative Fair Housing Marketing Plan
Exhibit H – Applicable Legal Requirements
Exhibit I – Certification Regarding Lobbying
Exhibit J – Construction Schedule
Exhibit K – Authorized Officer(s) of the Development Owner