
BOND PURCHASE AGREEMENT

by and among

AUSTIN HOUSING FINANCE CORPORATION,

VILLAGES AT FISKVILLE, LP,

and

FMSBONDS, INC.

Dated as of March __, 2017

Relating to:

\$15,800,000
Austin Housing Finance Corporation
Multifamily Housing Revenue Bonds
(Villages at Fiskville Apartments) Series 2017A

BOND PURCHASE AGREEMENT

FMSBONDS, INC. (together with its successors or assigns hereunder, the “Underwriter”), hereby offers to enter into the following agreement with AUSTIN HOUSING FINANCE CORPORATION, a public non-profit housing finance corporation duly organized and validly existing under the laws of the State of Texas (together with its successors and assigns, the “Issuer”), and VILLAGES AT FISKVILLE, LP, a limited partnership duly organized and validly existing under the laws of the State of Texas (together with its permitted successors and assigns, the “Borrower”), for the sale by the Issuer and the purchase by the Underwriter of the Bonds described below, which are being issued by the Issuer for the benefit of the Borrower. Upon your acceptance of this offer and your execution and delivery of this Agreement, this Agreement will be binding upon each of you and the Underwriter. This offer is made subject to your acceptance, evidenced by your execution and delivery of this Agreement to the Underwriter, at or prior to 1 p.m., eastern time, on March __, 2017 and will expire if not so accepted at or prior to such time (or such later time as the Underwriter may agree in writing).

Section 1. Definitions. The capitalized terms used in this Agreement have the meanings assigned to them in the Glossary of Terms attached as Exhibit A hereto.

Section 2. Purchase and Sale.

2.1 Subject to the terms and conditions set forth in this Agreement, and in reliance on the representations, warranties and covenants contained herein, the Underwriter hereby agrees, on a best efforts basis, to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter when, as and if issued, all (but not less than all) of the Bonds identified in Item 1 in Exhibit B attached hereto in exchange for delivery by the Underwriter of the Purchase Price for the Bonds set forth as Item 2 in Exhibit B attached hereto. Notwithstanding anything to the contrary in this Agreement, the Underwriter’s obligations hereunder to purchase the Bonds at the Closing are subject to the Underwriter having a firm order from the Purchaser to purchase all of the Bonds from the Underwriter on the date of the Closing at a price equal to the Purchase Price.

2.2 The Bonds will (i) be issued pursuant to the Resolution and the Indenture and (ii) have the payment related terms (that is, the dated date, maturity date, interest rate, interest payment dates and redemption provisions) set forth in Item 3 in Exhibit B attached hereto and in the Indenture.

Section 3. Closing. The Closing will take place at the time and on the date set forth in Item 5 in Exhibit B or at such other time or on such other date as may be mutually agreed upon by you and the Underwriter. At the Closing, the Issuer will direct the Trustee to deliver the Bonds to or upon the order of the Underwriter, pursuant to the DTC FAST System, in definitive form, duly executed and authenticated by the Trustee. Subject to the terms and conditions hereof, the Issuer will deliver or cause to be delivered at the offices of McCall Parkhurst & Horton LLP in Dallas, Texas, the other documents and instruments to be delivered pursuant to this Agreement (the “Closing Documents”) and the Underwriter will accept delivery of the Bonds and Closing Documents and simultaneously will deliver the Purchase Price for the Bonds, by wire transfer, to the Trustee, in immediately available federal funds, for the account of the Issuer or as the Issuer directs. The Bonds will be made available to the Underwriter one Business Day before the Closing at the closing location for purposes of inspection. The Bonds will be prepared and delivered as fully registered Bonds without coupons in the denominations set forth in the Indenture. The Bonds should be registered by the Trustee in the name of Cede & Co., as nominee for DTCC.

Section 4. Representations and Warranties of Issuer.

4.1 The Issuer hereby makes the following representations and warranties to the Underwriter, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Issuer is a public non-profit housing finance corporation, duly organized, validly existing and in good standing under the laws of the State and is authorized to execute and deliver this Agreement and the other Issuer Documents and to issue, sell and deliver the Bonds pursuant to the laws of the State, including particularly the Act.

(b) The Issuer has, and as of the Closing Date will have, all necessary power and authority to (i) execute and deliver this Agreement and the Issuer Documents, (ii) issue the Bonds in the manner contemplated by the Resolution, this Agreement and the Indenture, and (iii) otherwise consummate the transactions contemplated by the Resolution, this Agreement and the Issuer Documents.

(c) At the time of its adoption, the Issuer had all necessary power and authority to adopt the Resolution.

(d) The Issuer has duly adopted the Resolution at a meeting or meetings duly called and held in accordance with applicable law and procedures of the Issuer, and since that time the Resolution has not been rescinded, amended or modified.

(e) By official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized the (i) execution and delivery of this Agreement, the Bonds and the Issuer Documents, (ii) performance by the Issuer of the obligations contained in the Bonds and in the Issuer Documents, and (iii) consummation by the Issuer of all of the transactions contemplated hereby and by the Issuer Documents.

(f) Assuming the valid authorization, execution and delivery of this Agreement and the Issuer Documents by the other parties hereto and thereto and the authentication of the Bonds by the Trustee, this Agreement is, and the Bonds and the other Issuer Documents will be, the legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(g) All consents, approvals, orders or authorizations of, notices to, or filings, registrations or declarations with any court or governmental authority, board, agency, commission or body having jurisdiction which are required by or on behalf of the Issuer for the execution and delivery by the Issuer of this Agreement, the Issuer Documents or the Bonds, or the consummation by the Issuer of the transactions contemplated hereby or thereby, have been obtained or will be obtained prior to Closing, except for the filing of the IRS Form 8038 (which will be timely filed after Closing).

(h) The execution and delivery by the Issuer of this Agreement, the Bonds and the Issuer Documents, and the consummation by the Issuer of the transactions contemplated hereby and thereby are not prohibited by, do not violate any provision of, and will not result in the breach of or default under (i) the Act, the Constitution of the State or the organizational documents of the Issuer, (ii) any applicable law, rule, regulation, judgment, decree, order or other requirement applicable to the Issuer, or (iii) any contract, indenture, agreement, mortgage, lease, note, commitment or other obligation or instrument to which the Issuer is a party or by which the Issuer or its properties is bound.

(i) There is no legal action, suit, proceeding, investigation or inquiry at law or in equity, before or by any court, agency, arbitrator, public board or body or other entity or person, pending or, to the best knowledge of the Issuer, threatened against or affecting the Issuer or its officials, in their respective capacities as such, (i) which would restrain or enjoin the issuance or delivery of the Bonds or the collection of revenues pledged under the Indenture, (ii) which would in any way contest or affect the organization or existence of the Issuer or the entitlement of any officers of the Issuer to their respective offices or (iii) which may reasonably be expected to contest or have a material and adverse effect upon (A) the due performance by the Issuer of this Agreement or the Issuer Documents or the transactions contemplated hereby or thereby, (B) the validity or enforceability of the Bonds, the Resolution, this Agreement, the Issuer Documents or any other agreement or instrument to which the Issuer is a party and that is used or contemplated for use in the consummation of the transactions contemplated hereby and thereby, or (C) the exclusion of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes. The Issuer is not subject to any judgment, decree or order entered in any lawsuit or proceeding brought against it that would have such an effect.

(j) When delivered to the Underwriter after receipt of payment therefor in accordance with the provisions of this Agreement, the Bonds will be duly authorized, executed, issued, and delivered and will constitute the Issuer's legal, valid and binding special, limited obligations, enforceable in accordance with their terms (except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity), and will be entitled to the benefit and security of the Indenture.

(k) Other than the Issuer Documents, the Issuer has not entered into any contract or arrangement that might give rise to any lien or encumbrance on the revenues or other assets, properties, funds or interests pledged pursuant to the Indenture.

(l) The Issuer has not taken or omitted to take on or prior to the date hereof any action, that would adversely affect the exclusion of the interest on the Bonds from the gross income of the holders thereof for federal income tax purposes.

(m) The Issuer has not been notified of any listing or proposed listing by the Internal Revenue Service to the effect that the Issuer is an issuer whose arbitrage certifications may not be relied upon.

(n) On the Closing Date, each of the representations and warranties of the Issuer contained herein and in the Issuer Documents shall be true, correct and complete.

(o) The Underwriter has not provided any municipal advisory services to the Issuer within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

4.2 Any certificate signed by any official of the Issuer and delivered to the Underwriter in connection with the delivery of the Bonds will be deemed to be a representation and warranty by the Issuer to the Underwriter as to the statements made therein.

Section 5. Representations and Warranties of Borrower.

5.1 The Borrower makes the following representations and warranties to the Issuer and the Underwriter and for the benefit of the Purchaser and the Holders as of the date hereof, all of which will continue in effect subsequent to the purchase of the Bonds:

(a) The Borrower is, and at all times will be, a limited partnership duly organized, validly existing and in good standing under the laws of the State. The General Partner is, and at all times will be, a limited liability company duly organized, validly existing and in good standing under the laws of the State.

(b) The Borrower has, and on the Closing Date will have, full legal right, power and authority (i) to execute and deliver this Agreement and the Borrower Documents and (ii) to consummate the transactions contemplated by this Agreement and the Borrower Documents. The General Partner has, and on the Closing Date will have, full legal right, power and authority to execute and deliver this Agreement and the Borrower Documents on behalf of the Borrower.

(c) The Borrower has duly authorized the execution and delivery of this Agreement and the performance by the Borrower of the obligations contained herein, and prior to the Closing Date the Borrower will have duly authorized the (i) execution and delivery of the Borrower Documents, (ii) performance by the Borrower of the obligations contained in the Borrower Documents, and (iii) consummation by the Borrower of all transactions contemplated hereby and by the Borrower Documents.

(d) All consents, approvals, authorizations or orders of, notices to, or filings, registrations or declarations with, any court or governmental authority, board, agency, commission or body having jurisdiction which are required on behalf of the Borrower or for the execution and delivery by the Borrower of this Agreement and the Borrower Documents or the consummation by the Borrower of the transactions contemplated hereby or thereby.

(e) The Borrower has not taken or omitted to take on or prior to the date hereof any action that would adversely affect the exclusion of the interest on the Bonds from the gross income of the holders thereof for purposes of federal income taxation.

(f) All information concerning the Project, the Borrower, the General Partner and the Guarantors submitted to the Originator by the Borrower, the General Partner or the Guarantors, is true and correct in all material respects as of the date hereof and does not omit to state a material fact necessary to make the statements therein not misleading.

(g) There is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or threatened against or affecting the Borrower, the General Partner or the Guarantors or, to the knowledge of the Borrower, any basis therefor (i) in any way affecting the organization and existence of the Borrower, the General Partner or the Guarantors, (ii) contesting or materially affecting the validity or enforceability of this Agreement or the Borrower Documents, (iii) contesting the powers of the Borrower or its authority with respect to the Borrower Documents, (iv) contesting the authority of the General Partner to act on behalf of the Borrower, (v) wherein an unfavorable decision, ruling or finding would have a material adverse effect on (A) the operations of the Borrower, the General Partner or the Guarantors, (B) the due performance by the Borrower of the Borrower Documents to which it is a party or by the Guarantors of the Guarantor Documents to which the Guarantors are parties, (C) the validity or enforceability of any of the Borrower Documents or the Guarantor Documents or the transactions contemplated hereby or by any Borrower Document or Guarantor Document, or (vi) in any way contesting the exclusion from the gross income of the holders thereof for purposes of federal income taxation of the interest on the Bonds.

(h) This Agreement is, and, when executed and delivered by the Borrower and the other parties thereto, and the Borrower Documents will be, the legal, valid and binding

obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except to the extent that enforcement thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(i) The execution and delivery by the Borrower of this Agreement and the Borrower Documents and the consummation by the Borrower of the transactions contemplated thereby and hereby are not prohibited by, do not violate any provision of, and will not result in a breach of or default under (i) organizational documents of the Borrower; (ii) any applicable law, rule, regulation, order, writ, injunction, judgment or decree of any court or governmental body or other requirement to which the Borrower is subject; or (iii) any contract, indenture, agreement, mortgage, lease, commitment or other obligation or instrument to which the Borrower is a party or by which the Borrower or its properties is bound.

(j) The Underwriter has not provided any municipal advisory services to the Borrower within the meaning of Rule 15Ba1-1 of the Securities Exchange Act of 1934, as amended.

5.2 Each of the representations and warranties set forth in this Section 5 will survive the Closing.

5.3 Any certificate signed by the Borrower or the General Partner and delivered to the Underwriter shall be deemed a representation and warranty by the Borrower to the Underwriter, the Purchaser and the holders of the Bonds as to the statements made therein.

Section 6. Covenants.

6.1 The Issuer hereby makes the following covenants with the Underwriter:

(a) Prior to the Closing, the Issuer will not create, assume or guarantee any indebtedness payable from, or pledge or otherwise encumber, the revenues, assets, properties, funds or interests which will be pledged pursuant to the Indenture and the other Issuer Documents.

(b) After all conditions have been met with respect to the issuance of the Bonds (including without limitation the payment of the purchase price), the Issuer will cause the Bonds to be delivered in accordance with this Agreement, and upon receipt of evidence that the Trustee has received the Purchase Price set forth in Section 2.1 hereof, to the address and at the time specified by the Underwriter in conjunction with the Closing.

(c) The Issuer will not knowingly take or omit to take any action which will in any way cause the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be included in the gross income of the holders thereof for federal income tax purposes.

(d) Prior to the Closing, the Issuer will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency that would constitute a condition precedent to the performance by it of its obligations under the Resolution, this Agreement, the Issuer Documents and the Bonds.

6.2 The Borrower hereby makes the following covenants with the Issuer and the Underwriter:

(a) The Borrower will not take or omit to take any action which will in any way because the proceeds of the Bonds to be applied in a manner other than as provided in the Indenture or which would cause the interest on the Bonds to be includable in the gross income of the holders thereof for federal income tax purposes.

(b) Prior to the Closing, the Borrower will obtain all governmental consents, approvals, orders or authorizations of any governmental authority or agency, if any, that would constitute a condition precedent to the performance by it of its obligations under this Agreement and the Borrower Documents.

(c) The Borrower will not voluntarily undertake any course of action inconsistent with the satisfaction by the Borrower of the requirements applicable to it, as set forth in this Agreement and the Borrower Documents.

Section 7. Conditions of Closing.

7.1 The Underwriter has entered into this Agreement in reliance upon representations, covenants and agreements of the Issuer and the Borrower contained herein, in reliance upon the representations, covenants and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer and the Borrower of their obligations hereunder, both as of the date hereof and as of the Closing Date. Accordingly, the Underwriter's obligations under this Agreement to purchase, to accept delivery of and to pay for the Bonds will be subject to the performance by the Issuer and the Borrower of their obligations to be performed by them hereunder at or prior to the Closing, and to the accuracy in all material respects of the representations, covenants and agreements of the Issuer and of the Borrower contained herein as of the date hereof and as of the Closing as if made on the Closing Date, and will also be subject to the following additional conditions:

(a) There shall not have occurred any material error, misstatement or omission in the representations and warranties made by either of you in this Agreement, which representations and warranties will be deemed to have been made again at and as of the time of the Closing and will then be true in all material respects.

(b) Each of you shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by you at or prior to Closing.

(c) This Agreement, the Issuer Documents, the Borrower Documents, the Guarantor Documents, the Reimbursement Documents, the Series B Bond Documents and the Ground Lease shall have been executed and delivered by each of the parties thereto, shall be in full force and effect on and as of the Closing Date, shall be in form and substance satisfactory to the Originator, all of the conditions to the issuance of the Bonds thereunder shall have been satisfied, and no event of default shall exist under any such documents.

(d) The Construction Letter of Credit shall be in full force and effect on and as of the Closing Date, shall be delivered to the Trustee, and shall be in form and substance satisfactory to the Originator.

(e) Each of the Series B Bond Documents shall have been executed and delivered, shall be in full force and effect, shall be in form and substance acceptable to the Originator, and the conditions to the issuance of the Series B Bonds shall have been satisfied.

7.2 On the Closing Date, (a) the Originator shall have received, in immediately available funds, an amount equal to the fees set forth in Section 10, and the costs and expenses of the Underwriter incurred as of the date of the execution and delivery hereof, and (b) the Trustee shall have received the deposits required to be made in the Accounts.

7.3 In addition to the conditions set forth above, the obligations of the Underwriter to consummate at the Closing the transactions contemplated hereby are subject to receipt by the Originator of the following items:

(a) A certificate of the Issuer, dated the Closing Date and reasonably satisfactory to the Originator, signed by an authorized representative of the Issuer, that (1) each of the attached organizational documents, certificates of good standing and authorizing resolution is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Issuer's representations and warranties contained herein and in the other Issuer Documents is true and correct in all material respects on and as of the Closing Date; (3) the Issuer has performed and complied in all material respects with all agreements and conditions required of the issuer by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Originator.

(b) A certificate of the Borrower, dated the Closing Date and reasonably satisfactory to the Originator, signed by an authorized representative of the General Partner, that: (1) each of the attached organizational documents, certificate of good standing, and partner consents (if any), is true, correct and complete and has not been amended, modified or rescinded; (2) each of the Borrower's representations and warranties contained herein and in the other Borrower Documents is true and correct in all material respects on and as of the Closing Date; (3) the Borrower has performed and complied in all material respects with all agreements and conditions required of the Borrower by this Agreement to be performed and complied with by it at or prior to the Closing; and (4) such other matters reasonably requested by the Originator;

(c) A certificate of the General Partner, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed by the manager of the General Partner, that (1) the General Partner is a limited liability company duly organized, validly existing and is in good standing under the laws of the State, with full legal right, power and authority to execute and deliver this Agreement and the other Borrower Documents on behalf of the Borrower as its general partner; (2) the General Partner has, by all necessary legal action, duly authorized the execution and delivery, on its own behalf and on behalf of the Borrower, as its general partner, of this Agreement and the Borrower Documents; (3) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of the General Partner for the execution and delivery by the General Partner, on behalf of the Borrower, as its general partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder; (4) the execution and delivery by the General Partner, on its own behalf and/or on behalf of the Borrower, as its general partner, of this Agreement and the Borrower Documents and the performance by the General Partner thereunder do not violate the organizational documents of the General Partner, any applicable law, rule or regulation, or any court order by which the General Partner is bound, and such actions do not constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which the General Partner is a party or by which it or its properties is bound; (5) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any

court, agency, arbitrator, public board or body or other entity or person) pending or, to its knowledge, threatened against the General Partner nor, to the best knowledge of the General Partner, any basis therefor (i) in any way contesting the existence of the General Partner, (ii) in any way contesting the authority of the General Partner to act on behalf of the Borrower or the authority of its manager to act on behalf of the General Partner, or (iii) which would have a material adverse effect on the financial condition or operations of the General Partner or the consummation of the transactions on the part of the General Partner or the Borrower contemplated hereby or by any Borrower Document; and (6) such other matters reasonably requested by the Originator;

(d) Certificates of each Guarantor, dated the Closing Date and in form and substance reasonably satisfactory to the Originator, signed by such Guarantor (if a natural person) or an authorized officer of such Guarantor (if not a natural person), that (1) such Guarantor (if not a natural person) is duly organized, validly existing and in good standing under the laws of the State of its organization, with full legal right, power and authority to execute and deliver the Guarantor Documents; (2) Guarantor (if not a natural person) has, by all necessary legal actions, duly authorized the execution and delivery of the Guarantor Documents; (3) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental body is required by or on behalf of such Guarantor for the execution and delivery by such Guarantor of the Guarantor Documents and the performance by such Guarantor thereunder; (4) the execution and delivery by such Guarantor of the Guarantor Documents and the performance by such Guarantor thereunder do not violate any applicable law, rule, or regulation or any court order by which such Guarantor is bound, and such actions do not in any material respect constitute a default under any agreement, indenture, mortgage, lease, note or other obligation or instrument to which such Guarantor is a party or by which it is bound; (5) there is no legal action, suit, proceeding, inquiry or investigation at law or in equity (before or by any court, agency, arbitrator, public board or body or other entity or person) pending or, to the knowledge of such Guarantor, threatened against such Guarantor, nor any basis therefor, which would have a material adverse effect upon the financial condition of such Guarantor or the consummation of the transactions on the part of such Guarantor contemplated by such Guarantor Documents; and (6) such other matters reasonably requested by the Originator;

(e) Incumbency certificates of the Borrower, the General Partner and each Guarantor who is not a natural person certifying, in each case, that each of the attached organizational documents, certificate of good standing, authorizing resolution and evidence of incumbency is true correct and complete and has not been amended, modified or rescinded;

(f) A certificate of the Bank, dated the Closing Date, in form and substance satisfactory to the Originator and the Purchaser, signed by an authorized officer of the Bank, to the effect that (1) the Bank is a national banking association duly organized and validly existing under the laws of the United States of America; (2) the Bank has corporate power and authority to execute, deliver and perform its obligations under the Construction Letter of Credit; (3) the Construction Letter of Credit (i) has been duly authorized, executed, issued and delivered by the Bank (and the undersigned has full power to execute and deliver this Certificate on behalf of the Bank); (ii) is in full force and effect as to the Bank on the date of this Certificate; and (iii) constitutes the legal, valid and binding obligation of the Bank enforceable against the Bank in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, liquidation, moratorium, fraudulent conveyance or other similar laws affecting the enforcement of creditors' rights in general, as such laws would apply in the event of bankruptcy, insolvency, reorganization or liquidation of, or other similar occurrence with respect to the Bank or in the event of any moratorium or similar occurrence affecting the Bank and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding in equity or law); (4) the issuance by the Bank of the Construction Letter of Credit, and the performance by the Bank of its obligations thereunder, require no consents or approvals of or filings,

other than those consents, approvals or filings already made or received in the ordinary course of the Bank's business, with any governmental or other regulatory agencies and do not conflict with or constitute a breach of or default under, any indenture, agreement or other instrument to which the Bank is a party or by which it is bound, or any constitutional or statutory provision, or order, rule, regulation, decree or ordinance of any court, governmental body to which the Bank or any of its properties are subject; (5) there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, regulatory agency, public board or body pending or, to the Bank's knowledge, threatened against the Bank wherein an unfavorable ruling or finding would adversely affect the validity or enforceability of the Construction Letter of Credit, would adversely affect the ability of the Bank to perform its obligations thereunder; (6) the Construction Letter of Credit has been executed and delivered to the Trustee; and (7) such other matters reasonably requested by the Originator;

(g) Opinions of counsel to the Borrower, the General Partner and the Guarantors dated the date of the issuance of the Bonds and addressed to the Issuer, the Trustee, the Purchaser and the Originator as to the matters on Exhibit C attached hereto;

(h) An opinion of Bond Counsel from McCall Parkhurst & Horton LLP, dated the date of issuance of the Bonds and addressed to the Purchaser, the Originator, the Trustee and the Issuer, in form and substance acceptable to the Originator;

(i) An opinion of counsel to the Issuer, or of Bond Counsel acting in such capacity, dated the date of issuance of the Bonds and addressed to the Purchaser, the Originator and the Trustee, in form and substance acceptable to the Originator;

(j) An opinion of counsel to the Bank, dated the date of issuance of the Bonds and addressed to the Purchaser, the Originator and the Trustee, in form and substance acceptable to the Originator;

(k) A pro forma mortgagee title insurance policy issued by the Title Company to the Trustee, dated effective as of the date of recording of the Mortgage, in form, scope and substance satisfactory to the Originator, insuring the lien of the Mortgage in an amount equal to the initial face amount of the Bonds, subject only to such liens and encumbrances as the Originator may approve, containing all the requirements included in the Originator's list of title requirements provided to the Borrower via e-mail, to the extent available in the State;

(l) Evidence of the insurance required under the Loan Agreement, including, without limitation, flood insurance to the extent that any portion of the Improvements is located in a Special Flood Hazard area as defined by the United States Department of Housing and Urban Development;

(m) A certified legal description and ALTA/ACSM Land Title Survey of the land included in the Project by a surveyor approved by the Originator in form and substance acceptable to the Originator, containing all the requirements included in the Originator's list of survey requirements and form of surveyor's certificate provided to the Borrower via e-mail;

(n) Evidence in such form as the Originator may reasonably require of (i) satisfactory subdivision of the Project and zoning for all buildings and improvements; (ii) the valid issuance of all necessary permits and licenses to construct, occupy and operate the buildings and improvements, including without limitation all permits and licenses required under applicable law with respect to subdivision, zoning, safety, building, occupancy, fire protection, environmental, energy and similar matters; (iii) the availability of all utility and municipal services required for the operation of the

buildings and improvements; and (iv) the availability of means of access to and from such property, by means of public ways or easements benefiting such property;

(o) Evidence reasonably satisfactory to the Originator that building permits have been provided or will be provided upon the payment of fees, if applicable;

(p) A budget detailing the costs of the proposed construction of the Project, and plans and specifications in respect of such construction, all satisfactory to the Originator;

(q) Copies of contracts with an architect, a general contractor, a major subcontractor and a structural engineer, satisfactory to the Originator, for the performance of the construction of the Project;

(r) A report or written confirmation from the Engineering Consultant that (a) the Engineering Consultant has reviewed the final plans and specifications, (b) the construction contract(s) satisfactorily provide for the construction of the Project, and (c) in the opinion of the Engineering Consultant, construction of the Project can be completed within twenty-four (24) months following Closing for an amount not greater than the amounts allocated for such purpose on the submitted budget;

(s) An environmental audit satisfactory to the Originator in scope, form and substance, and performed and certified to the Originator by an environmental engineer satisfactory to the Originator;

(t) For each of the Borrower, the General Partner and each of the Guarantors which is not a natural person, a certified copy of its organizational documents as in effect on the date of closing, including copies of all filed documents, which shall, with respect to the Borrower and the General Partner, contain provisions denoting its single purpose entity status, and evidence that all action necessary for the valid execution, delivery and performance by the Borrower, the General Partner and such Guarantors of this Agreement and the other Borrower Documents or the Guarantor Documents, as applicable, to which it is or is to become a party shall have been duly and effectively taken;

(u) A use of proceeds certificate of the Borrower, dated the Closing Date and signed by a manager of the General Partner, in form and substance reasonably satisfactory to Bond Counsel, respecting certain tax matters, as may be reasonably required by Bond Counsel to enable it to give its opinion;

(v) A non-arbitrage certificate of the Issuer, dated the Closing Date and signed by an authorized officer of the Issuer, in form and substance acceptable to Bond Counsel, respecting certain tax matters, as may be reasonably required by Bond Counsel to enable it to give its opinion;

(w) A certificate of the Trustee, dated the Closing Date, in form and substance satisfactory to the Originator, signed by an authorized officer of the Trustee, that (i) the Trustee has all necessary power and authority to accept the trusts granted under the Indenture and to perform its duties under the Trustee Documents; (ii) the Trustee Documents have been duly authorized, executed and delivered by an authorized officer of the Trustee; (iii) the Bonds have been authenticated by an authorized representative of the Trustee and delivered to or at the direction of the Underwriter; and (iv) no consent, approval, authorization or order of, or filing, registration or declaration with, any court or governmental agency or body is required on behalf of the Trustee for the execution and delivery by the Trustee of the Trustee Documents or the performance by the Trustee of its obligations thereunder;

(x) A properly completed and executed IRS Form 8038 as to the Bonds to be filed with the IRS promptly following the Closing Date;

(y) Oral confirmation from the Purchaser that it is ready to close;
and

(z) Such other documents, certificates, financing statements, approvals, assurances and opinions as the Purchaser or the Originator may reasonably request.

7.4 If any of the conditions set forth in Sections 7.1, 7.2 or 7.3 has not been met on the Closing Date, the Underwriter may, at its sole option, terminate this Agreement or proceed to Closing upon waiving in writing such condition under this Agreement. If this Agreement is terminated pursuant to this Section, no party will have any rights or obligations to the other parties hereto, except as provided in Section 10.

Section 8. Actions and Events at the Closing. The following events will take place at the Closing:

(a) The Issuer will deliver the Bonds to the Trustee for closing through DTCC's book-entry only system. The Bonds so delivered will be in the form required by the Indenture, duly executed on behalf of the Issuer and authenticated by the Trustee, and will be fully registered in the name of Cede & Co., as nominee for DTCC.

(b) You will deliver or cause to be delivered to the Underwriter at the place set forth in Item 5 in Exhibit B, or at such other place or places as you and the Underwriter may mutually agree upon, the materials described in Section 7.3.

(c) The Underwriter will deliver to the Trustee, for the account of the Issuer or as the Issuer directs, an amount equal to the Purchase Price of the Bonds, by wire transfer to the Trustee, in immediately available federal funds, which shall be deposited by the Trustee in the funds and accounts set forth in the Indenture upon the issuance of the Bonds, and applied as set forth in the Indenture.

Section 9. Termination of Agreement. The Underwriter may terminate this Agreement, without liability therefor, by notifying you at any time prior to the Closing if:

(a) Any legislation is introduced in, or enacted by, the United States Congress, or shall have been reported out of committee or be pending in committee, or any decision is rendered by any court of competent jurisdiction, or any ruling or regulation, temporary regulation, release or announcement shall have been issued or proposed by the Treasury Department of the United States, the Internal Revenue Service, or any other agency of the government of the United States that, in the reasonable judgment of the Underwriter, has the purpose or effect of causing interest on the Bonds to be includable in gross income of the holders thereof for purposes of federal income taxation or to be an item of tax preference for purposes of the federal alternative minimum tax; or

(b) Any legislation is introduced in, or enacted by the United States Congress or any action is taken by, or on behalf of, the Securities and Exchange Commission, that, in the opinion of counsel to the Underwriter has the effect of requiring (i) the Bonds or the interests in the Loan Agreement or other financing documents to be registered under the 1933 Act or the Indenture to be qualified under the 1939 Act, or (ii) any governmental consents, approvals, orders or authorizations for the consummation of the transactions contemplated by this Agreement, the Issuer Documents, the

Borrower Documents or the Guarantor Documents which cannot, without undue expense, be obtained prior to the Closing Date.

Section 10. Fees and Expenses; Costs of Issuance. The Borrower shall pay or cause to be paid all costs of issuance of the Bonds, including all reasonable expenses incident to the performance of the Underwriter's obligations hereunder in connection with its purchase of the Bonds, including, but not limited to, (i) the fees of the Originator set forth in Section 2.2(a) of the Loan Agreement, (ii) the cost of the preparation, printing or other reproduction of the Resolution, this Agreement, the Issuer Documents, the Borrower Documents and the Guarantor Documents, in reasonable quantities for distribution, (iii) the cost of producing, authenticating and delivering the Bonds, (iv) the fees and disbursements of Bond Counsel, Issuer's counsel, Originator's counsel and Trustee's counsel, (v) the fees and expenses, including without limitation all initial and continuing fees and expenses, of the Trustee and all paying agents, transfer agents and bond registrars and (vi) the fees and expenses, including travel expenses, incurred by your representatives in connection with the issuance, sale and delivery of the Bonds.

Section 11. Miscellaneous.

11.1 All notices, demands and formal actions hereunder will be in writing and mailed, telecopied or delivered to the following addresses or such other address as any of the parties shall specify:

If to the Underwriter: FMSbonds, Inc.
4775 Technology Way
Boca Raton, Florida 33431
Attention: Mark Viggiano – Executive Director

With copies to: Red Stone Tax-Exempt Funding LLC
Heron Tower
70 East 55th Street, 19th Floor
New York, New York 10022
Attention: Cody Z. Langeness

and: Greenberg Traurig, LLP
2700 Two Commerce Square
2001 Market Street
Philadelphia, Pennsylvania 19103
Attention: Dianne Coady Fisher

If to the Issuer: Austin Housing Finance Corporation
1000 East 11th Street, 2nd Floor
Austin, Texas 78702
Attention: Neighborhood Development
Program Manager

If to the Borrower: Villages at Fiskville, LP
c/o LDG Development, LLC
1305 East 6th Street
Austin, Texas 78702
Attention: Justin Hartz

With copies to: Coats Rose, P.C.
9 Greenway Plaza, Suite 1100
Houston, Texas 77045-0307
Attention: Barry Palmer

and: Adams Law Group
6004 Brownsboro Park Boulevard, Suite A
Louisville, Kentucky 40207
Attention: Robert W. Adams III

11.2 This Agreement will inure to the benefit of and be binding upon the parties hereto and their permitted successors and assigns and will not confer any rights upon any other person.

11.3 This Agreement may not be assigned by the Issuer or the Borrower. This Agreement may be assigned by the Underwriter upon written notice of such assignment from the Underwriter to the Issuer and the Borrower. The Underwriter may designate the entity in whose name the Bonds are to be registered at Closing by providing registration information to the Trustee on or prior to the Closing Date.

11.4 This Agreement may not be amended without the prior written consent of the Issuer, the Borrower, the Underwriter and the Purchaser.

11.5 The representations, covenants and agreements of the Issuer and the Borrower will not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing and regardless of (a) any investigations made by or on behalf of the Underwriter (or statements as to the results of such investigations) concerning such representations, covenants and agreements and (b) delivery of and payment for the Bonds.

11.6 This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered will be an original, but all such counterparts will together constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

11.7 This Agreement supersedes and replaces all prior negotiations, agreements and understandings between the parties hereto in relation to the sale of the Bonds.

11.8 This Agreement will become effective and binding upon the respective parties hereto upon the execution and delivery hereof by the parties hereto and will be valid and enforceable as of the time of such execution and delivery.

11.9 If any provision of this Agreement is held or deemed to be or is, in fact, inoperative, invalid or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision of any constitution, statute, rule of public

policy, or any other reason, such circumstances will not have the effect of rendering the provision in question inoperable or unenforceable in any other case or circumstance or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

11.10 This Agreement will be governed by and construed in accordance with the laws of the State applicable to agreements to be performed wholly therein, without regard to conflict of laws principles.

11.11 As an inducement to the agreement of the Underwriter to purchase the Bonds pursuant to the terms of this Agreement, the Borrower agrees not to obtain or seek to obtain financing or credit of any kind or nature whatsoever from any other sources in lieu of the financing to be provided by the issuance of the Bonds by the Issuer and the purchase of the Bonds by the Underwriter. In the event of a breach of this covenant, the Underwriter shall be entitled to all remedies available to it, at law and in equity, including specific performance and damages. As a further inducement, the Borrower agrees to indemnify and hold harmless the Underwriter from any and all litigation or claims arising out of transactions contemplated herein, except for any litigation or claims directly resulting from the gross negligence or willful misconduct of the Underwriter.

11.12 The obligations of the Underwriter hereunder shall be without recourse to any shareholder, trustee, officer, employee, agent or manager of the Underwriter and no shareholder, trustee, officer, employee, agent or manager of the Underwriter shall be personally liable for the payment of any obligation of the Underwriter hereunder. In the event any legal actions or proceedings are brought in respect of such obligations, any judgment against the Underwriter shall be enforced only against the assets of the Underwriter and not against any property of any shareholder, trustee, officer, employee, agent or manager of the Underwriter.

Section 12. No Advisory or Fiduciary Role. The Issuer and the Borrower acknowledge and agree that (i) the purchase and sale of the Bonds pursuant to this Agreement is an arm's-length commercial transaction between the Issuer and the Underwriter, (ii) in connection with such transaction, the Underwriter is acting solely as a principal and not as an advisor (including, without limitation, a Municipal Advisor (as such term is defined in Section 975(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act)), agent or a fiduciary of the Issuer or the Borrower, (iii) the Underwriter has not assumed a fiduciary responsibility in favor of the Issuer or the Borrower with respect to the offering of the Bonds or the process leading thereto (whether or not the Underwriter, or any affiliate of the Underwriter, has advised or is currently advising the Issuer or the Borrower on other matters) or any other obligation to the Issuer or the Borrower except the obligations expressly set forth in this Agreement, (iv) the Underwriter has financial and other interests that differ from those of the Issuer and the Borrower and (v) each of the Issuer and the Borrower has consulted with its own legal and financial advisors to the extent it deemed appropriate in connection with the offering of the Bonds.

[SIGNATURES ON NEXT PAGE]

If the foregoing accurately sets forth our mutual understanding concerning the subject matter hereof, kindly indicate your acceptance by executing this Agreement and returning this executed Agreement to the undersigned.

FMSBONDS, INC.

By: _____
Name:
Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

ISSUER: **AUSTIN HOUSING
FINANCE CORPORATION**

By: _____
Name:
Title:

[SIGNATURES CONTINUED ON NEXT PAGE]

Accepted as of the date first above written:

BORROWER: **VILLAGES AT FISKVILLE, LP,**
 a Texas limited partnership

By: Villages at Fiskville GP, LLC, a Texas limited
 liability company, its general partner

By: _____
Name: Chris Dischinger
Title: Manager

EXHIBIT A

Glossary of Terms

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

“1939 Act” means the Trust Indenture Act of 1939, as amended.

“Accounts” means all of the funds and accounts to be established under, and defined in, the Indenture, including the Project Fund (and within such Project Fund, the Bond Proceeds Account, the Costs of Issuance Account, the Equity Account, the Capitalized Interest Account and the Insurance and Condemnation Proceeds Account), the Earnout Collateral Fund, the Replacement Reserve Fund, the Tax and Insurance Escrow Fund, the Rebate Fund, the Surplus Fund, the Redemption Fund and the Operating Reserve Fund.

“Act” means the Texas Housing Finance Corporation Act, Chapter 394, Texas Local Government Code, et seq., as amended.

“Agreement” means this Bond Purchase Agreement, as amended from time to time.

“Assignment of Leases” means that certain First Assignment of Rents, Leases and Other Income to be dated as of March 1, 2017, from the Borrower to the Trustee.

“Assignment of Management Agreement and Consent” shall mean that contain Assignment of Management Agreement to be dated as of March 1, 2017, from the Borrower to the Trustee, together with the consent of the manager of the Project.

“Assignment of Project Documents” means that certain Assignment of Project Documents to be dated as of March 1, 2017, from the Borrower to the Trustee.

“Bank” means JPMorgan Chase Bank, N.A., the issuer of the Construction Letter of Credit.

“Bonds” means the \$15,800,000 in original aggregate principal amount of Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Villages at Fiskville Apartments) Series 2017A.

“Borrower” means Villages at Fiskville, LP, a limited partnership duly organized, validly existing and in good standing under the laws of the State, together with its permitted successors and assigns hereunder.

“Borrower Documents” means, collectively, this Agreement, the Loan Agreement, the Regulatory Agreement, the Mortgage, the Note, the Assignment of Leases, the Environmental Indemnity, the Assignment of Project Documents, the Assignment of Management Agreement and Consent, the Replacement Reserve, the Ground Lease and all other agreements, documents and certificates as may be required to be executed and delivered by the Borrower to carry out, give effect to, and consummate the transactions contemplated by this Agreement or by the other Borrower Documents.

“Business Day” means any day on which the offices of the Trustee are open for business and on which The New York Stock Exchange is not closed.

“Closing” means the proceeding at which the actions described in Section 8 are performed.

“Closing Date” means the date on which the Closing takes place.

“Construction Letter of Credit” means the irrevocable standby letter of credit number dated March __, 2017 in the stated amount of \$ _____ issued by the Bank for the benefit of the Trustee.

“Engineering Consultant” means _____ or any other engineering consultant chosen by the Originator.

“Environmental Indemnity” means that certain Environmental Indemnity Agreement to be dated as of March 1, 2017, from the Borrower and the Guarantors for the benefit of the Trustee.

“General Partner” means Villages at Fiskville GP, LLC, a limited liability company duly organized and validly existing under the laws of the State of Texas, together with its permitted successors and assigns.

“Ground Lease” means the _____ dated [as of] March __, 2017 between LDG Development, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky, as landlord, and the Borrower, as tenant.

“Guarantors” means collectively, jointly and severally, Xpert Design and Construction LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky, and LDG Multifamily, LLC, a limited liability company organized and existing under the laws of the Commonwealth of Kentucky, together with their respective heirs, executors, personal and legal representatives, successors and assigns.

“Guarantor Documents” means, collectively, the Guaranty of Recourse Obligations to be dated as of March 1, 2017, from the Guarantor for the benefit of the Trustee, and the Environmental Indemnity.

“Indenture” means that certain Indenture of Trust to be dated as of March 1, 2017, between the Issuer and the Trustee.

“Issuer” means Austin Housing Finance Corporation, a public non-profit housing finance corporation duly organized and validly existing under the laws of the State, together with its successors and assigns.

“Issuer Documents” means, collectively, the Indenture, the Loan Agreement, the Regulatory Agreement and this Agreement.

“Loan Agreement” means that certain Loan Agreement to be dated as of March 1, 2017, between the Issuer and the Borrower and assigned to the Trustee.

“Majority Owner Representative” means Red Stone Servicer, LLC, a Delaware limited liability company.

“Mortgage” means that certain First Fee and Leasehold Deed of Trust, Assignment of Rents, Security and Fixture Filing (With Power of Sale) Agreement to be dated as of March 1, 2017, from the Borrower and LDG Development, LLC, to a trustee for the benefit of the Trustee.

“Note” means the promissory note to be dated the date of issuance of the Bonds from the Borrower to the Issuer and endorsed to the Trustee, relating to the Bonds.

“Originator” means Red Stone Tax-Exempt Funding LLC, a Delaware limited liability company.

“Project” means that certain 172-unit multifamily housing facility with related amenities and site improvements and related personal property and equipment located in Austin, Travis County, Texas, the acquisition, construction and equipping of which are being financed with the proceeds of the Bonds.

“Purchaser” means Deutsche Bank AG, New York Branch, or its designee or nominee, together with their respective permitted successors and assigns hereunder.

“Regulatory Agreement” means that certain Regulatory and Land Use Restriction Agreement dated as of March 1, 2017, among the Issuer, the Trustee and the Borrower.

“Reimbursement Documents” means the Letter of Credit Reimbursement Agreement to be dated as of March 1, 2017 between the Bank and the Borrower, and all other documents, agreements and certificates as may be required to be executed and delivered by the Borrower in connection with the delivery of the Construction Letter of Credit.

“Replacement Reserve” means that certain Replacement Reserve and Security Agreement dated as of March 1, 2017, between the Borrower and the Trustee.

“Resolution” means the resolutions adopted by the Issuer on February 16, 2017, relating to the transactions contemplated by this Agreement.

“Series B Bond Documents” means the documents evidencing, securing, governing or otherwise relating to the Series B Bonds, the terms thereof or the security therefor.

“Series B Bonds” means the Austin Housing Finance Corporation Subordinate Multifamily Housing Revenue Bonds (Villages at Fiskville Apartments) Series 2017B, issued on the Closing Date in the original aggregate principal amount of \$4,200,000 by the Issuer for the benefit of the Borrower to finance a portion of the cost of acquisition, construction and equipping of the Project.

“State” means the State of Texas.

“Title Company” means Independence Title, as agent for Old Republic National Title Insurance Company.

“Trustee” means BOKF, NA, a national banking association duly organized and validly existing under the laws of the United States of America, or its successors or any other corporation or association resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee under the Indenture.

“Trustee Documents” means the Indenture, the Loan Agreement, the Regulatory Agreement and all other agreements, documents and certificates as may be required to be executed and delivered by the Trustee to carry out, give effect to, and consummate the transactions contemplated by this Agreement and the other Trustee Documents.

“Underwriter” means FMSbonds, Inc.

“You” and similar terms refer collectively to the Issuer and the Borrower.

EXHIBIT B

Terms of Bonds

1. Title of Bonds: \$15,800,000 Austin Housing Finance Corporation Multifamily Housing Revenue Bonds (Villages at Fiskville Apartments) Series 2017A
2. Purchase Price of Bonds: \$15,800,000
3. Basic Bond Terms:
 - (a) Date of the Bonds: March ___, 2017
 - (b) Interest Payment Dates: First Business Day of each month commencing April 1, 2017
 - (c) Aggregate Principal Amount of Bonds: \$15,800,000
 - (d) Maturity Date for Bonds: January 1, 2057
 - (e) Bondholder right to demand redemption: Bondholders will have a right to require redemption of Bonds in whole at par on or after: March 1, 2035
 - (f) Interest Rate for Bonds: ___% per annum until the Completion Date and 5.30% thereafter
 - (g) Special Redemption Provisions:
 - (i) sinking fund: on a quarterly basis to be deposited into the Redemption Fund on the dates and in the amounts shown on Schedule 3 to Loan Agreement.
 - (ii) optional prepayment: no optional prepayment will be permitted prior to March 1, 2034; thereafter, Bonds may be optionally redeemed at the redemption price equal to 100% of the principal amount thereof, plus interest thereon to, but not including, the redemption date.
 - (iv) mandatory redemption: as set forth in the Indenture
4. Certain Required Funded Accounts:
 - (a) Earnout Collateral Fund - \$1,500,000, to be deposited at Closing
 - (b) Tax and Insurance Escrow – deposits to commence upon Stabilization
 - (c) Replacement Reserve - deposits to commence upon Stabilization
 - (d) Operating Reserve Fund - \$408,271, to be deposited on or before Stabilization
 - (e) Project Fund - funds sufficient to pay all estimated costs of construction shall be deposited into the Indenture at Closing or be paid pursuant to the Borrower's partnership agreement

5. Time of Closing: 1 p.m., Eastern Time
- (a) Date of Closing: On or before March __, 2017
 - (b) Place of Closing: McCall Parkhurst & Horton LLP, Dallas, Texas
 - (c) Delivery of Bonds: Through DTCC's book-entry only system

EXHIBIT C

Matters to be Covered by Opinions of Counsel to the Borrower, the General Partner and the Guarantor

1. Organization and Qualification. The Borrower is duly formed and validly existing as a limited partnership under the laws of the State of Texas. The General Partner is duly formed and validly existing as a limited liability company under the laws of the State of Texas. [Add similar opinions for Guarantors.]

2. Authority and Authorization. Each of the Borrower and the General Partner has all requisite power and authority to execute and deliver the Borrower Documents to which it is a party and to perform its obligations under the Borrower Documents to which it is a party, and all such action has been duly and validly authorized by all necessary action on its part. Each of the Guarantors has all requisite power and authority to execute and deliver the Guarantor Documents and to perform its obligations under the Guarantor Documents, and all such action has been duly and validly authorized by all necessary action on its part.

3. Execution and Binding Effect. The Borrower Documents have been duly and validly executed and delivered by the Borrower and constitute legal, valid and binding obligations of the Borrower, enforceable in accordance with the terms thereof, except as such enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights. The Guarantor Documents have been duly and validly executed and delivered by the Guarantors and constitute the legal, valid and binding obligation of the Guarantors, enforceable in accordance with the terms thereof, except as such, enforceability may be limited by bankruptcy, insolvency or other similar laws of general application affecting the enforcement of creditors' rights.

4. Authorization and Filings. No authorization, consent, approval, license, exemption or other action by, and no registration, qualification, designation, declaration or filing with, any governmental authority is or will be necessary in connection with the execution and delivery of the Borrower Documents or the Guarantor Documents, or the consummation of the transactions contemplated or performance of or compliance with the terms and conditions thereof, other than the recordings and filings referred to in paragraphs 7, 8 and 9 below.

5. Absence of Conflicts. To the best of counsel's knowledge, neither the execution and delivery of the Borrower Documents and the Guarantor Documents, nor consummation of the transactions therein contemplated, nor performance of or compliance with the terms and conditions thereof will (a) violate any Legal Requirement, or (b) conflict with or result in a breach of or a default under the organizational documents of the Borrower, the General Partner or any Guarantor, or any agreement or instrument to which any of such parties is a party or by which any of such parties or any of their properties (now owned or hereafter acquired) may be subject or bound.

6. Litigation. To the best of counsel's knowledge after due inquiry, there is no pending or threatened proceeding by or before any governmental authority against or affecting the Borrower, the General Partner, the Guarantors, the Project Facilities or any of the Borrower's affiliates which, if adversely decided, would have a material adverse effect on the business, operations, condition (financial or otherwise) or prospects of the Borrower, the General Partner or the Guarantors or on the ability of the Borrower or the Guarantors to perform their respective obligations under the Borrower Documents or the Guarantor Documents, as applicable, or on the operation of the Project Facilities.

7. Validity of Mortgage Liens. The Mortgage is in appropriate form for recording and, when recorded in the real estate records for Travis County, Texas, will create in favor of the Trustee a valid mortgage lien upon and security interest in the Project.

8. Validity of Assignment of Leases. The Assignment of Leases is in appropriate form for recording and, when recorded in the real estate records for Travis County, Texas, will create in favor of the Trustee a valid assignment of the rents, leases and profits of the Project.

9. Perfection of Security Interests. The Borrower Documents and, when filed with the Secretary of State of the State of Texas, and in the real estate records of Travis County, Texas, the UCC financing statements, will create in the Trustee valid and perfected security interests in the collateral described therein.

10. Remedies. The Borrower Documents and the Guarantor Documents do not omit essential remedies that in the opinion giver's experience are generally found in similar documents for mortgage loans in the State of Texas.