

**FUNDING LOAN AGREEMENT**

**Among**

**CITIBANK, N.A.,  
as Funding Lender,**

**AUSTIN HOUSING FINANCE CORPORATION,  
as Governmental Lender,**

**and**

**WILMINGTON TRUST, NATIONAL ASSOCIATION,  
as Fiscal Agent**

**Dated as of \_\_\_\_\_, 2023**

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## FUNDING LOAN AGREEMENT

This Funding Loan Agreement, dated as of \_\_\_\_\_, 2023 (this "**Funding Loan Agreement**"), is entered into by **CITIBANK, N.A.** (together with any successors and assigns hereunder, the "**Funding Lender**"), **AUSTIN HOUSING FINANCE CORPORATION**, a public nonprofit corporation organized and existing under the laws of the State of Texas (together with its successors and assigns, the "**Governmental Lender**"), and **WILMINGTON TRUST, NATIONAL ASSOCIATION**, a national banking association, as fiscal agent (together with any successor fiscal agent hereunder, the "**Fiscal Agent**").

### RECITALS

WHEREAS, the Governmental Lender has been duly created and organized pursuant to and in accordance with the provisions of Chapter 394, Texas Local Government Code, as amended (the "**Act**"); and

WHEREAS, pursuant to the Act, the Governmental Lender is authorized to issue bonds and to use the proceeds thereof to provide monies to aid in financing the acquisition, construction and equipping of residential rental property for dwelling units; and

WHEREAS, Libertad Austin at Gardner, LP, a Texas limited partnership (the "**Borrower**"), has requested the Governmental Lender to enter into this Funding Loan Agreement under which (i) the Funding Lender will purchase the Governmental Lender Notes (as defined herein), and (ii) the Governmental Lender will apply the proceeds of the Governmental Lender Notes to make a loan (the "**Borrower Loan**") to the Borrower to finance the acquisition, construction and equipping of a multifamily rental housing development to be located in Travis County, Texas, and to be known as Libertad Austin at Gardner; and

WHEREAS, simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender and the Borrower will enter into a Borrower Loan Agreement of even date herewith (as it may be supplemented or amended, the "**Borrower Loan Agreement**"), whereby the Borrower agrees to make loan payments to the Governmental Lender in an amount, which, when added to other funds available under this Funding Loan Agreement, will be sufficient to enable the Governmental Lender to repay the Governmental Lender Notes and to pay all costs and expenses related thereto when due; and

WHEREAS, to evidence its payment obligations under the Borrower Loan Agreement, the Borrower will execute and deliver to the Governmental Lender its Borrower Notes (as defined herein) and the obligations of the Borrower under the Borrower Notes will be secured by a lien on and security interest in the Project pursuant to a Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing of even date herewith (the "**Security Instrument**"), made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent, to secure the performance by the Governmental Lender of its obligations under the Funding Loan; and

WHEREAS, in order to assure compliance with Sections 103 and 142 through 150, inclusive, of the Code, the Governmental Lender, the Fiscal Agent and the Borrower have entered into the Tax Certificate and Agreement and the Regulatory Agreement (as each such term is

defined herein), each of which sets forth various certifications, representations, and covenants relating to the tax-exempt status of the Governmental Lender Notes; and

WHEREAS, the Governmental Lender has executed and delivered to the Funding Lender the Governmental Lender Notes evidencing its obligation to make the payments due to the Funding Lender as provided in this Funding Loan Agreement, all things necessary to make the Governmental Lender Notes the legal, valid, and binding limited obligations of the Governmental Lender, have been done and performed and the execution and delivery of this Funding Loan Agreement and the execution and delivery of the Governmental Lender Notes, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, in consideration of the premises and the mutual representations, covenants and agreements herein contained, the parties hereto do hereby agree as follows:

It is hereby covenanted and declared that (i) the Governmental Lender Notes are to be delivered to evidence the payment obligations of the Governmental Lender pursuant to this Funding Loan Agreement and (ii) the Collateral (as defined in the Borrower Loan Agreement) subject to this Funding Loan Agreement is to be held and applied by the Fiscal Agent, subject to the covenants, conditions and trusts hereinafter set forth, and the Governmental Lender does hereby covenant and agree to and with the Fiscal Agent, for the benefit (except as otherwise expressly provided herein) of the Funding Lender, as follows:

## **ARTICLE I DEFINITIONS; PRINCIPLES OF CONSTRUCTION**

**Section 1.1. Definitions.** For all purposes of this Funding Loan Agreement, except as otherwise expressly provided or unless the context otherwise clearly requires:

(a) Unless specifically defined herein, all capitalized terms shall have the meanings ascribed thereto in the Borrower Loan Agreement, the Regulatory Agreement, or the Tax Certificate and Agreement.

(b) The terms "herein," "hereof" and "hereunder" and other words of similar import refer to this Funding Loan Agreement as a whole and not to any particular Article, Section or other subdivision. The terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants."

(c) All references made (i) in the neuter, masculine or feminine gender shall be deemed to have been made in all such genders, and (ii) in the singular or plural number shall be deemed to have been made, respectively, in the plural or singular number as well. Singular terms shall include the plural as well as the singular, and vice versa.

(d) All accounting terms not otherwise defined herein shall have the meanings assigned to them, and all computations herein provided for shall be made, in accordance with the Approved Accounting Method. All references herein to "Approved Accounting Method" refer to such principles as they exist at the date of application thereof.

(e) All references in this instrument to designated "Articles," "Sections" and other subdivisions are to the designated Articles, Sections and subdivisions of this instrument as originally executed.

(f) All references in this instrument to a separate instrument are to such separate instrument as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

(g) References to the Governmental Lender Notes as "tax-exempt" or to the "tax-exempt status" of the Governmental Lender Notes are to treatment of interest on the Governmental Lender Notes as excludable from gross income for federal income tax purposes pursuant to Section 103(a) of the Code, except with respect to interest on a Governmental Lender Note for any period during which it is held by a Person who is a "substantial user" of the Project or a "related person" to such a "substantial user," each within the meaning of Section 147(a) of the Code.

(h) The following terms have the meanings set forth below:

**"Additional Borrower Payments"** shall have the meaning given such term in the Borrower Loan Agreement.

**"Affiliate"** shall mean, as to any Person, any other Person that, directly or indirectly, is in Control of, is Controlled by or is under common Control with such Person.

**"Approved Transferee"** means (1) a "qualified institutional buyer" ("QIB") as defined in Rule 144A promulgated under the Securities Act that is a financial institution or commercial bank having capital and surplus of \$5,000,000,000 or more, (2) an affiliate of the Funding Lender, or (3) a trust or custodial arrangement established by the Funding Lender or one of its affiliates or any state or local government or any agency or entity which is a political subdivision of a federal, state or local government (a "Governmental Entity"), in each case (i) the beneficial interests in which will be owned only by QIBs or (ii) the beneficial interests in which will be rated in the "BBB" category or higher without regard to modifier (or the equivalent investment grade category) by at least one nationally recognized rating agency, or (4) a Governmental Entity.

**"Authorized Amount"** shall mean, with respect to the Series A-1 Governmental Lender Note, \$\_\_\_\_\_, and with respect to the Series A-2 Governmental Lender Note, \$\_\_\_\_\_.

**"Authorized Representative"** shall mean with respect to (i) the Governmental Lender, the President, Vice President or Secretary of its board of directors, or its Treasurer; (ii) the Borrower, the "Authorized Borrower Representative," as defined in the Borrower Loan Agreement; and (iii) the Funding Lender, an authorized signatory or a Vice President of the Funding Lender, or, in each case, such other person at any time designated by the Governmental Lender, the Borrower or the Funding Lender to act on behalf of the Governmental Lender, the Borrower or the Funding Lender, as the case may be, as evidenced by a written certificate delivered to the Fiscal Agent containing the specimen signature of such person and signed by one of the above titled officers. Such certificate may designate an alternate or alternates, each of whom shall be entitled to perform all duties and exercise all powers of an Authorized Representative. The Fiscal Agent may conclusively presume that a person designated in a written certificate filed with it as an Authorized Representative is an Authorized Representative until such time as the Governmental Lender, the

Borrower and/or the Funding Lender, as the case may be, file with it a written certificate revoking such person's authority to act in such capacity.

**"Borrower"** shall mean Libertad Austin at Gardner, LP, a Texas limited partnership.

**"Borrower Equity Account"** shall mean the Borrower Equity Account of the Project Fund established under Section 7.3.

**"Borrower Loan"** shall mean the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement in the aggregate principal amount of the Borrower Loan Amount, as evidenced by the Borrower Notes.

**"Borrower Loan Agreement"** shall mean the Borrower Loan Agreement, of even date herewith, between the Governmental Lender and the Borrower, as supplemented, amended or replaced from time to time in accordance with its terms.

**"Borrower Loan Agreement Default"** shall mean any "event of default" as defined and set forth in Section 8.1 of the Borrower Loan Agreement. A Borrower Loan Agreement Default shall "exist" if a Borrower Loan Agreement Default shall have occurred and be continuing beyond any applicable notice, grace or cure period.

**"Borrower Loan Amount"** shall mean the amount of \$\_\_\_\_\_.

**"Borrower Loan Documents"** shall have the meaning given such term in the Borrower Loan Agreement.

**"Borrower Notes"** shall mean the Series A-1 Borrower Note and the Series A-2 Borrower Note.

**"Business Day"** shall mean any day other than (i) a Saturday or a Sunday, or (ii) a day on which federally insured depository institutions in New York, New York or in the location of the Corporate Trust Office or Operations Office are authorized or obligated by law, regulation, governmental decree or executive order to be closed.

**"Closing Costs Fund"** shall mean the fund of that name established under Section 7.3(d) hereof.

**"Closing Date"** shall mean \_\_\_\_\_, 2023, the date when the Governmental Lender Note proceeds are funded hereunder.

**"Code"** shall have the meaning given such term in the Regulatory Agreement.

**"Comptroller"** shall mean the Comptroller of Public Accounts of the State of Texas.

**"Conditions to Conversion"** shall have the meaning given such term in the Construction Funding Agreement.



**"Construction Funding Agreement"** means that certain Construction Funding Agreement of even date herewith, between the Funding Lender and Borrower, pursuant to which the Borrower Loan will be advanced by the Fiscal Agent on behalf of the Governmental Lender, to the Borrower and setting forth certain provisions relating to disbursement of the Borrower Loan during construction, insurance and other matters, as such agreement may be amended, modified, supplemented and replaced from time to time.

**"Control"** shall mean, with respect to any Person, either (i) ownership directly or through other entities of more than 50% of all beneficial equity interest in such Person, or (ii) the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through the ownership of voting securities, by contract or otherwise.

**"Conversion"** shall have the meaning given such term in the Borrower Loan Agreement.

**"Conversion Date"** shall have the meaning given such term in the Borrower Loan Agreement.

**"Corporate Trust Office"** means the office of the Fiscal Agent at 15950 North Dallas Parkway, Suite 200, Dallas, Texas 75248.

**"Costs of Issuance"** shall have the meaning given such term in the Tax Certificate and Agreement.

**"County"** shall mean Travis County, Texas.

**"Event of Default"** shall have the meaning ascribed thereto in Section 9.1 hereof.

**"Fiscal Agent"** shall mean Wilmington Trust, National Association, as fiscal agent hereunder, and any successor fiscal agent or co-fiscal agent appointed under this Funding Loan Agreement.

**"Fiscal Agent's Fees"** shall mean the ongoing compensation and expenses payable to the Fiscal Agent as follows:

(a) an acceptance fee of \$2,000 and the annual administration fees of the Fiscal Agent, for the ordinary services of the Fiscal Agent rendered under this Funding Loan Agreement during each twelve-month period and shall be equal to an annual minimum fee of \$4,500, payable annually in advance on the Closing Date and thereafter on each July 1, commencing July 1, 2022 until the Governmental Lender Note is paid in full;

(b) the reasonable fees and charges of the Fiscal Agent for necessary extraordinary services rendered by it and/or reimbursement for extraordinary expenses incurred by it under this Funding Loan Agreement as and when the same become due, including reasonable fees and expenses of legal counsel and internal default administrators (including fees prior to litigation, at trial or for appellate proceedings); provided, however, that the Fiscal Agent shall not be required to undertake any such extraordinary services unless provision for payment of extraordinary expenses satisfactory to the Fiscal Agent shall have been made; and

(c) for purposes of the Borrower Loan Agreement, indemnification of the Fiscal Agent by the Borrower as more particularly set forth in the Borrower Loan Agreement.

**"Funding Lender"** shall mean Citibank, N.A., a national banking association, and any successor under this Funding Loan Agreement and the Borrower Loan Documents.

**"Funding Loan"** shall mean the funds advanced by the Funding Lender to or for the account of the Governmental Lender and applied by the Governmental Lender to make the Borrower Loan.

**"Funding Loan Agreement"** shall mean this Funding Loan Agreement, of even date herewith, by and among the Funding Lender, the Governmental Lender and the Fiscal Agent, as it may from time to time be supplemented, modified or amended by one or more funding loan agreements, indentures or other instruments supplemental hereto entered into pursuant to the applicable provisions hereof.

**"Funding Loan Documents"** shall mean (i) this Funding Loan Agreement, (ii) the Borrower Loan Agreement, (iii) the Regulatory Agreement, (iv) the Tax Certificate and Agreement, (v) the Borrower Loan Documents, (vi) all other documents evidencing, securing, governing or otherwise pertaining to the Governmental Lender Notes, and (vii) all amendments, modifications, renewals and substitutions of any of the foregoing.

**"Governmental Lender"** shall mean the Austin Housing Finance Corporation, a public nonprofit corporation organized and existing under the laws of the State.

**"Governmental Lender Closing Costs"** shall mean the fees, costs and expenses incurred in connection with the issuance of the Governmental Lender Notes.

**"Governmental Lender Counsel"** shall mean any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean McCall, Parkhurst & Horton L.L.P.

**"Governmental Lender Counsel Approving Opinion"** shall mean an opinion of Governmental Lender Counsel substantially to the effect that the Governmental Lender Notes constitute valid and binding obligations of the Governmental Lender and that, under existing statutes, regulations published rulings and judicial decisions, the interest on the Governmental Lender Notes is excludable from gross income for federal income tax purposes (subject to the inclusion of such customary exceptions as are acceptable to the recipient thereof).

**"Governmental Lender Counsel No Adverse Effect Opinion"** shall mean, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Governmental Lender Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Governmental Lender Notes under existing law (subject to the inclusion of any exceptions contained in the opinion of Governmental Lender Counsel delivered

upon original issuance of the Governmental Lender Notes or other customary exceptions acceptable to the recipient thereof).

**"Governmental Lender Fee"** shall mean (i) the Governmental Lender's issuance fee in the amount of .50% of the original principal amount of the Governmental Lender Notes, payable by the Fiscal Agent to the Governmental Lender on or before the Closing Date from amounts in the Closing Costs Fund, or otherwise by the Borrower, and (ii) the annual fee of the Governmental Lender equal to greatest of (x) \$1,200 or (y) \$12 per Project rental unit or (z) .03% of the principal balance of the Governmental Lender Notes outstanding. The annual fee shall be paid in advance, initially at closing for the two years ending July 1, 2025, and thereafter on July 1 of each year until the Governmental Lender Notes are no longer outstanding (but not before 15 years after the commencement of the Qualified Project Period).

**"Governmental Lender Notes"** shall mean, collectively, the Series A-1 Governmental Lender Note and the Series A-2 Governmental Lender Note, the forms of which are contained in Exhibit A-1 and Exhibit A-2 to this Funding Loan Agreement.

**"Highest Rating Category"** shall mean, with respect to a Permitted Investment, that the Permitted Investment is rated by S&P or Moody's in the highest rating given by that rating agency for that general category of security. By way of example, the Highest Rating Category for tax exempt municipal debt established by S&P is "A 1+" for debt with a term of one year or less and "AAA" for a term greater than one year, with corresponding ratings by Moody's of "MIG 1" (for fixed rate) or "VMIG 1" (for variable rate) for three months or less and "Aaa" for greater than three months. If at any time (i) both S&P and Moody's rate a Permitted Investment and (ii) one of those ratings is below the Highest Rating Category, then such Permitted Investment will, nevertheless, be deemed to be rated in the Highest Rating Category if the lower rating is no more than one rating category below the highest rating category of that rating agency. For example, a Permitted Investment rated "AAA" by S&P and "Aa3" by Moody's is rated in the Highest Rating Category. If, however, the lower rating is more than one full rating category below the Highest Rating Category of that rating agency, then the Permitted Investment will be deemed to be rated below the Highest Rating Category. For example, a Permitted Investment rated "AAA" by S&P and "A1" by Moody's is not rated in the Highest Rating Category.

**"Initial Note"** means each initial Governmental Lender Note registered by the Comptroller and subsequently canceled and replaced by a definitive Governmental Lender Note pursuant to this Funding Loan Agreement.

**"Investment"** means any Permitted Investment and any other investment within the meaning of Section 1.148-1(b) of the Regulations held under this Funding Loan Agreement that does not constitute a Permitted Investment.

**"Maturity Date"** shall mean \_\_\_\_\_ for the Series A-1 Governmental Lender Note and \_\_\_\_\_ for the Series A-2 Governmental Lender Note.

**"Maximum Rate"** shall mean the lesser of (i) 12% per annum and (ii) the maximum interest rate that may be paid on the Governmental Lender Notes under State law pursuant to Chapter 1204 of the Texas Government Code.

**"Minimum Beneficial Ownership Amount"** shall mean an amount no less than fifteen percent (15%) of the outstanding principal amount of the Governmental Lender Notes.

**"Moody's"** shall mean Moody's Investors Service, Inc., or its successor.

**"Mortgaged Property"** means the real property described in the Security Instrument, together with all improvements, fixtures and personal property (to the extent of the Borrower's interest therein) located on such real property.

**"Noteowner"** or "owner of the Governmental Lender Notes" means an owner of a Governmental Lender Note as shown on the registration books maintained by the Fiscal Agent pursuant to Section 2.5(b).

**"Note Proceeds Account"** means the Note Proceeds Account of the Project Fund established under Section 7.3.

**"Operations Office"** means the offices of the Fiscal Agent where principal and interest on the Governmental Lender Notes are paid and where the Governmental Lender Notes are surrendered for transfer, exchange or cancellation, which office is presently located at Wilmington Trust, National Association, 15950 North Dallas Parkway, Suite 200, Dallas, Texas 75248.

**"Opinion of Counsel"** shall mean a written opinion from an attorney or firm of attorneys, acceptable to the Funding Lender and the Governmental Lender with experience in the matters to be covered in the opinion; provided that whenever an Opinion of Counsel is required to address the exclusion of interest on the Governmental Lender Notes from gross income for purposes of federal income taxation, such opinion shall be provided by Governmental Lender Counsel.

**"Permanent Period Amount"** shall have the meaning given such term in the Borrower Loan Agreement.

**"Permitted Investments"** shall mean, to the extent authorized by law for investment of any moneys held under this Funding Loan Agreement:

(a) Direct obligations of the United States of America including obligations issued or held in book-entry form on the books of the Department of the Treasury of the United States of America.

(b) Direct obligations of, and obligations on which the full and timely payment of principal and interest is unconditionally guaranteed by, any agency or instrumentality of the United States of America, or direct obligations of the World Bank, which obligations are rated in the Highest Rating Category.

(c) Demand deposits or time deposits with, or certificates of deposit issued by, the Fiscal Agent or its affiliates or any bank organized under the laws of the United States of America or any state or the District of Columbia which has combined capital, surplus and undivided profits of not less than \$50,000,000 and maturing in less than 365 days; provided that the Fiscal Agent or such other institution has been rated at least "VMIG-1"/"A-1+" by Moody's/S&P and such deposits or certificates are fully insured by the

Federal Deposit Insurance Corporation or collateralized pursuant to the requirements of the Office of the Comptroller of the Currency.

(d) Bonds (including tax-exempt bonds), bills, notes or other obligations of or secured by Fannie Mae, Freddie Mac, the Federal Home Loan Bank or the Federal Farm Credit Bank.

(e) Money market funds rated AAA by S&P which are registered with the Securities and Exchange Commission and which meet the requirements of Rule 2(a)(7) of the Investment Company Act of 1940, as amended, which may be administered by the Fiscal Agent or its affiliates.

(f) Collateralized investment agreements or repurchase agreements with financial institutions rated in the "A" category or higher without regard to qualifiers, by at least one Rating Agency. The agreement must be continually collateralized with obligations specified in paragraphs (a), (b) and/or (d) above, eligible for wire through the Federal Reserve Bank System or the DTC/PTC as applicable, and at a level of at least 103% of the amount on deposit and valued no less than daily. The collateral must be held by a third party custodian and be free and clear of all liens and claims of third parties. Securities must be valued daily, marked-to-market at current market price plus accrued interest. If the market value of the securities is found to be below the required level, the provider must restore the market value of the securities to the required level within one (1) business day. Permitted collateral must be delivered to and held in a segregated account by the Fiscal Agent or a custodian (the "Collateral Agent"), and the Collateral Agent cannot be the provider. The collateral must be delivered to the Collateral Agent before/simultaneous with payment (perfection by possession of certificated securities). Acceptable collateral must be free and clear of all liens and claims of third parties and shall be registered in the name of the Collateral Agent for the benefit of the Governmental Lender and Fiscal Agent. The agreement shall state that the Collateral Agent has a valid and perfected first priority security interest in the securities, any substituted securities and all proceeds thereof.

(g) Any other investment authorized by the laws of the State, if such investment is Approved in Writing in advance by the Funding Lender in its sole discretion.

Permitted Investments shall not include any of the following:

(1) Except for any investment described in the next sentence, any investment or any agreement with a maturity profile greater than the date(s) on which funds representing the corpus of the investment may be needed under the Funding Loan Documents. This exception (1) shall not apply to Permitted Investments listed in paragraph (g).

(2) Any obligation bearing interest at an inverse floating rate.

(3) Any investment which may be prepaid or called at a price less than its purchase price prior to stated maturity.

- (4) Any investment the interest rate on which is variable and is established other than by reference to a single index plus a fixed spread, if any, and which interest rate moves proportionately with that index.

The Fiscal Agent shall not be responsible for verifying that a Permitted Investment is authorized by law.

**"Person"** shall mean any individual, corporation, limited liability company, partnership, joint venture, estate, trust, unincorporated association, any federal, state, county or municipal government or any bureau, department or agency thereof and any fiduciary acting in such capacity on behalf of any of the foregoing.

**"Pledged Revenues"** shall mean the amounts pledged under this Funding Loan Agreement to the payment of the principal of, prepayment premium, if any, and interest on the Governmental Lender Notes, consisting of the following: (i) all income, revenues, proceeds and other amounts to which the Governmental Lender is entitled (other than amounts received by the Governmental Lender with respect to the Reserved Rights) derived from or in connection with the Project and the Funding Loan Documents, including all Borrower Loan Payments due under the Borrower Loan Agreement and the Borrower Notes, payments with respect to the Borrower Loan Payments and all amounts obtained through the exercise of the remedies provided in the Funding Loan Documents and all receipts credited under the provisions of this Funding Loan Agreement against said amounts payable, and (ii) moneys held in the funds and accounts established under this Funding Loan Agreement, together with investment earnings thereon (except any amounts on deposit in the Closing Costs Fund).

**"Prepayment Premium"** shall mean (i) any premium payable by the Borrower pursuant to the Borrower Loan Documents in connection with a prepayment of a Borrower Note (including any Prepayment Premium as set forth in the Borrower Notes) and (ii) any premium payable on the Governmental Lender Notes pursuant to this Funding Loan Agreement.

**"Project"** shall have the meaning given to that term in the Borrower Loan Agreement.

**"Qualified Project Costs"** shall have the meaning given such term in the Tax Certificate and Agreement.

**"Rating Agency"** shall mean any one and each of S&P, Moody's and Fitch then rating the Permitted Investments or any other nationally recognized statistical rating agency then rating the Permitted Investments, which has been approved by the Funding Lender.

**"Rebate Analyst"** means a Person that is (i) qualified and experienced in the calculation of rebate payments under Section 148 of the Code and in compliance with the arbitrage rebate Regulations promulgated under the Code, (ii) chosen by the Borrower prior to the Closing Date and (iii) engaged for the purpose of determining the amount of required deposits, if any to the Rebate Fund.

**"Rebate Fund"** means the Rebate Fund created by Section 7.3(e) hereof.

**"Regulations"** shall mean the applicable proposed, temporary or final Treasury Regulations promulgated under the Code or, to the extent applicable to the Code, under the Internal Revenue Code of 1954, as such regulations may be amended or supplemented from time to time.

**"Regulatory Agreement"** shall mean that certain Regulatory Agreement and Declaration of Restrictive Covenants, dated as of the date hereof, by and among the Governmental Lender, the Borrower and the Fiscal Agent, as hereafter amended or modified.

**"Required Transferee Representations Letter"** shall mean the representations in substantially the form of the letter attached to this Funding Loan Agreement as Exhibit B, duly executed by the holder of the Governmental Lender Notes and delivered to the Governmental Lender and the Fiscal Agent.

**"Reserved Rights"** means (a) all of the Governmental Lender's right, title and interest in and to all reimbursement, costs, expenses and indemnification, (b) all rights of the Governmental Lender to receive the Governmental Lender's Fee and any Rebate Amount, (c) all rights of the Governmental Lender to receive notices, reports and other statements and to make any determination and to grant any approval or consent to anything in this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the other Funding Loan Documents requiring the determination, consent or approval of the Governmental Lender, (d) all rights of the Governmental Lender of access to the Mortgaged Property and documents related thereto and to specifically enforce the representations, warranties, covenants and agreements of the Borrower set forth in the Tax Certificate and Agreement and in the Regulatory Agreement, (e) any and all rights, remedies and limitations of liability of the Governmental Lender set forth in this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate and Agreement and the other Funding Loan Documents, as applicable, regarding (1) the negotiability, registration and transfer of the Governmental Lender Notes, (2) the loss or destruction of the Governmental Lender Notes, (3) the limited liability of the Governmental Lender as provided in the Act, this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement and the other Funding Loan Documents, (4) no liability of the Governmental Lender to third parties, and (5) no warranties of suitability or merchantability by the Governmental Lender, (f) all rights of the Governmental Lender in connection with any amendment to or modification of this Funding Loan Agreement, the Borrower Loan Agreement, the Regulatory Agreement, the Tax Certificate and Agreement and the other Funding Loan Documents, and (g) any and all limitations of the Governmental Lender's liability and the Governmental Lender's disclaimers of warranties set forth in this Funding Loan Agreement, the Regulatory Agreement, the Tax Certificate and Agreement or the Borrower Loan Agreement, and the Governmental Lender's right to inspect and audit the books, records and permits of the Borrower and the Mortgaged Property.

**"Resolution"** shall mean the resolution of the Governmental Lender authorizing the Governmental Lender Notes and the execution and delivery of the Funding Loan Documents to which the Governmental Lender is a party.

**"Responsible Officer"** shall mean any officer within the Corporate Trust Office of the Fiscal Agent, including any vice president, assistant vice president, assistant secretary or any other officer or assistant officer of the Fiscal Agent customarily performing functions similar to those

performed by the persons who at the time shall be such officers, respectively, who is responsible for the administration of this Funding Loan Agreement.

**"Securities Act"** shall mean the Securities Act of 1933, as amended.

**"Security"** shall mean the security for the performance by the Governmental Lender of its obligations under the Governmental Lender Notes and this Funding Loan Agreement as more fully set forth in Article IV hereof.

**"Security Instrument"** shall mean the Multifamily Leasehold Deed of Trust, Assignment of Rents, Security Agreement and Fixture Filing (as amended, restated and/or supplemented from time to time) of even date herewith, made by the Borrower in favor of the Governmental Lender, as assigned to the Fiscal Agent for the benefit of the Funding Lender to secure the performance by the Governmental Lender of its obligations under the Governmental Lender Notes.

**"Series A-1 Borrower Note"** shall mean that certain Multifamily Note (Tranche A), dated the Closing Date, in the original principal amount of \$\_\_\_\_\_ made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-1 Governmental Lender Note, as executed by the Borrower on the Closing Date and endorsed and assigned by the Governmental Lender without recourse to the Fiscal Agent, and as it may thereafter be amended or supplemented from time to time.

**"Series A-2 Borrower Note"** shall mean that certain Multifamily Note (Tranche B), dated the Closing Date, in the original principal amount of \$\_\_\_\_\_ made by the Borrower and payable to the Governmental Lender, evidencing the loan of the proceeds of the Series A-2 Governmental Lender Note, as executed by the Borrower on the Closing Date and endorsed and assigned by the Governmental Lender without recourse to the Fiscal Agent, and as it may thereafter be amended or supplemented from time to time.

**"Series A-1 Governmental Lender Note"** shall mean that certain Austin Housing Finance Corporation Multifamily Mortgage Revenue Note (Libertad Austin at Gardner) Series 2023A-1, dated the Closing Date, in the original principal amount of \$\_\_\_\_\_, made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

**"Series A-2 Governmental Lender Note"** shall mean that certain Austin Housing Finance Corporation Multifamily Mortgage Revenue Note (Libertad Austin at Gardner) Series 2023A-2, dated the Closing Date, in the original principal amount of \$\_\_\_\_\_, made by the Governmental Lender and payable to the Funding Lender, as executed by the Governmental Lender on the Closing Date and as it may thereafter be amended or supplemented from time to time.

**"Servicer"** shall mean any Servicer appointed by the Funding Lender to perform certain servicing functions with respect to the Governmental Lender Notes and on the Borrower Loan pursuant to a separate servicing agreement to be entered into between the Funding Lender and the Servicer. Initially the Servicer shall be the Funding Lender pursuant to this Funding Loan Agreement.



"***Servicing Agreement***" shall mean the servicing agreement, if any, entered into between the Funding Lender and a Servicer with respect to the servicing of the Funding Loan and/or the Borrower Loan.

"***S&P***" shall mean S&P Global Ratings, a business of Standard & Poor's Financial Services LLC, or its successors.

"***State***" shall mean the State of Texas.

"***Tax Certificate and Agreement***" shall mean that certain Federal Tax Certificate dated as of the date hereof, by and among the Governmental Lender and the Borrower as in effect on the Closing Date and as it may thereafter be amended or supplemented or restated in accordance with its terms.

"***UCC***" shall mean the Uniform Commercial Code as in effect in the State.

"***Written Certificate,***" "***Written Certification,***" "***Written Consent,***" "***Written Direction,***" "***Written Notice,***" "***Written Order,***" "***Written Request,***" "***Written Requisition,***" "***Approved in Writing***" and "***Approval in Writing***" shall mean a written certificate, consent, direction, notice, order, request, requisition or approval signed by an Authorized Representative of the Borrower or the Governmental Lender and delivered to the Funding Lender, the Servicer, if any, the Fiscal Agent or such other Person as required under the Funding Loan Documents.

**Section 1.2. Effect of Headings and Table of Contents.** The Article and Section headings herein and in the Table of Contents are for convenience only and shall not affect the construction hereof.

**Section 1.3. Date of Funding Loan Agreement.** The date of this Funding Loan Agreement is intended as and for a date for the convenient identification of this Funding Loan Agreement and is not intended to indicate that this Funding Loan Agreement was executed and delivered on said date.

**Section 1.4. Designation of Time for Performance.** Except as otherwise expressly provided herein, any reference in this Funding Loan Agreement to the time of day shall mean the time of day in the city where the Funding Lender maintains its place of business for the performance of its obligations under this Funding Loan Agreement.

**Section 1.5. Interpretation.** The parties hereto acknowledge that each of them and their respective counsel have participated in the drafting and revision of this Funding Loan Agreement. Accordingly, the parties agree that any rule of construction that disfavors the drafting party shall not apply in the interpretation of this Funding Loan Agreement or any amendment or supplement or exhibit hereto.

## ARTICLE II TERMS; GOVERNMENTAL LENDER NOTES

### Section 2.1. Terms.

(a) Principal Amount. The principal amount of each Governmental Lender Note is hereby expressly limited to the respective Authorized Amount.

(b) Funding. The purchase price of the Governmental Lender Notes, which shall be equal to the principal amount thereof, shall be paid by the Funding Lender to the Fiscal Agent for the account of the Governmental Lender on the Closing Date, and will be disbursed to the Borrower in accordance with the disbursement provisions of Section 7.7 hereof, Section 2.10 of the Borrower Loan Agreement and of the Construction Funding Agreement.

(c) Issuance Date; Maturity. The Governmental Lender Notes shall be issued on the Closing Date and shall mature on their respective Maturity Dates at which time the entire principal amount, to the extent not previously paid, and all accrued and unpaid interest, shall be due and payable.

(d) Principal. The outstanding principal amount of the Governmental Lender Notes as of any given date shall be the Authorized Amount, less any payments of principal of the Governmental Lender Notes previously received from payments of corresponding principal amounts under the respective Borrower Notes, including regularly scheduled principal payments and voluntary and mandatory prepayments. The principal amount of the Governmental Lender Notes and interest thereon shall be payable on the basis specified in this paragraph (d) and in paragraphs (e) and (f) of this Section 2.1.

The Fiscal Agent shall keep a record of all principal repayments made under the Governmental Lender Notes and shall upon Written Request provide the Governmental Lender and the Funding Lender with a statement of the outstanding principal balance of the Governmental Lender Notes.

(e) Interest. Interest shall be paid on the outstanding principal amount of each Governmental Lender Note on each Borrower Loan Payment Date at the rate or rates set forth in the corresponding Borrower Note and otherwise as set forth in the Borrower Loan Agreement; provided, however, that in no event shall interest paid on the Governmental Lender Notes (including any default interest rate) exceed the Maximum Rate.

(f) Corresponding Payments. The payment or prepayment of principal, interest and premium, if any, late payment fees and other amounts due on the Governmental Lender Notes shall be made on the Loan Payment Date and shall be identical with and shall be made on the same terms and conditions, as the principal, interest, premium, if any, late payment fees and other amounts due on the Borrower Notes. If there is a Servicer, payments of principal and interest on the Borrower Notes shall be paid to the Servicer when required under the Borrower Notes and Borrower Loan Agreement, and the Servicer, on behalf of the Funding Lender, shall then remit such funds to the Fiscal Agent to be deposited in the Governmental Lender Note Payment Fund established under this Funding Loan Agreement. If there is no Servicer, payments of principal and

interest on the Borrower Notes shall be paid directly to the Fiscal Agent and deposited into the Governmental Lender Note Payment Fund.

(g) Usury. The Governmental Lender intends to conform strictly to the usury laws applicable to this Funding Loan Agreement and the Governmental Lender Notes and all agreements made in the Governmental Lender Notes, this Funding Loan Agreement and the Funding Loan Documents are expressly limited so that in no event whatsoever shall the amount paid or agreed to be paid as interest or the amounts paid for the use of money advanced or to be advanced hereunder exceed the highest lawful rate prescribed under any law which a court of competent jurisdiction may deem applicable hereto including Chapter 1204 of the Texas Government Code and other applicable laws of the State of Texas. If, from any circumstances whatsoever, the fulfillment of any provision of the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents shall involve the payment of interest in excess of the limit prescribed by any law which a court of competent jurisdiction may deem applicable hereto, then the obligation to pay interest hereunder shall be reduced to the maximum limit prescribed by law. If from any circumstances whatsoever, the Funding Lender shall ever receive anything of value deemed interest, the amount of which would exceed the highest lawful rate, such amount as would be excessive interest shall be deemed to have been applied, as of the date of receipt by the Funding Lender, to the reduction of the principal remaining unpaid hereunder and not to the payment of interest, or if such excessive interest exceeds the unpaid principal balance, such excess shall be refunded to the Borrower. In no event shall the interest on the Governmental Lender Notes exceed the Maximum Rate. This paragraph shall control every other provision of the Governmental Lender Notes, this Funding Loan Agreement and all other Funding Loan Documents.

In determining whether the amount of interest charged and paid might otherwise exceed the limit prescribed by law, the Governmental Lender intends and agrees that (i) interest shall be computed upon the assumption that payments under the Borrower Loan Agreement and other Funding Loan Documents will be paid according to the agreed terms, and (ii) any sums of money that are taken into account in the calculation of interest, even though paid at one time, shall be spread over the actual term of the Governmental Lender Notes.

(h) Notwithstanding any other provision of this Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL LENDER NOTES SOLELY OUT OF THE SECURITY, INCLUDING THE PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTES SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE SECURITY, INCLUDING THE PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTES SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT.**

**Section 2.2. Form of Governmental Lender Notes.** Simultaneously with the delivery of this Funding Loan Agreement, the Governmental Lender hereby agrees to execute and deliver the Governmental Lender Notes. The Governmental Lender Notes shall be substantially in the form set forth in Exhibits A-1 and A-2 attached hereto, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Funding Loan Agreement. Except for the Initial Note for the Series A-1 Governmental Lender Note, which shall be numbered IA1-1, the Series A-1 Governmental Lender Note shall be numbered consecutively from RA1-1 upwards. Except for the Initial Note for the Series A-2 Governmental Lender Note, which shall be numbered IA2-1, the Series A-2 Governmental Lender Note shall be numbered consecutively from RA2-1 upwards. In connection with Conversion, the Funding Lender shall have the right to exchange the then existing Series A-1 Governmental Lender Note and Series A-2 Governmental Lender Note on or after the Conversion Date for a new Series A-1 Governmental Lender Note with a dated date of the Conversion Date and in a stated principal amount equal to the Permanent Period Amount.

Each Initial Note, registered by the Comptroller, shall be identical to the form of each Governmental Lender Note attached as Exhibits A-1 and A-2, except that the following paragraph will not appear in the Initial Notes:

"This Governmental Lender Note shall not be entitled to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon."

and the following paragraph shall be added as the second-to-last paragraph to the Initial Notes:

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

In lieu of the authentication certificate of the Fiscal Agent, each Initial Note shall contain the following certificate:

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

OFFICE OF THE COMPTROLLER OF  
PUBLIC ACCOUNTS  
THE STATE OF TEXAS

§  
§  
§

REGISTER NO. \_\_\_\_\_

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

Witness my signature and seal of office this \_\_\_\_\_.

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Texas Comptroller of Public Accounts

(SEAL)"

The provisions of Exhibit A-1 and A-2 may be rearranged or re-ordered for purposes of the Initial Notes.

**Section 2.3. Execution and Authentication of Governmental Lender Notes.** Each Governmental Lender Note (including the Initial Notes) shall be signed, by manual or facsimile signature, by an Authorized Representative of the Governmental Lender and shall be attested by the manual or facsimile signature of an Authorized Representative of the Governmental Lender. In case any officer whose signature or a facsimile of whose signature appears on any Governmental Lender Note shall cease to be that officer before the issuance of the Governmental Lender Note, the officer's signature or the facsimile thereof nevertheless shall be valid and sufficient for all purposes, the same as if he or she had remained in office until that time. Any Governmental Lender Note may be executed on behalf of the Governmental Lender by an officer who, on the date of execution is the proper officer, although on the date of the Governmental Lender Note that person was not the proper officer.

Except for the Initial Notes, no Governmental Lender Note shall be secured by, or be entitled to any lien, right or benefit under, this Funding Loan Agreement or be valid or obligatory for any purpose, unless there appears on such Governmental Lender Note a certificate of authentication substantially in the form provided for herein, executed by the Fiscal Agent by manual signature, and such certificate upon the definitive Governmental Lender Note shall be conclusive evidence, and the only evidence, that such definitive Governmental Lender Note has been duly authenticated and delivered hereunder.

**Section 2.4. Mutilated, Lost, Stolen or Destroyed Governmental Lender Note.** If any Governmental Lender Note is mutilated, lost, stolen or destroyed, the Governmental Lender shall execute and the Fiscal Agent shall authenticate and deliver a new Governmental Lender Note of the same maturity, interest rate, principal amount, series and tenor in lieu of and in substitution for the mutilated, lost, stolen or destroyed Governmental Lender Note, provided, however, that in the case of any mutilated Governmental Lender Note, the mutilated Governmental Lender Note must first be surrendered to the Fiscal Agent, and in the case of any lost, stolen or destroyed Governmental Lender Note, there must be first furnished to the Fiscal Agent evidence satisfactory to it of the ownership of the Governmental Lender Note, and of the loss, theft or destruction, together with indemnity satisfactory to the Fiscal Agent and the Governmental Lender and compliance with such other reasonable requirements as the Fiscal Agent and the Governmental Lender may prescribe. If any such Governmental Lender Note will mature within the ensuing 60 days, or if such Governmental Lender Note has been called for prepayment or a prepayment date pertaining to such Governmental Lender Note has passed, instead of replacing the Governmental Lender Note, the Fiscal Agent may, upon receipt of such indemnity, pay the Governmental Lender

Note on such maturity date or prepayment date. The Fiscal Agent shall cancel any mutilated Governmental Lender Note surrendered to it. In connection with any such substitution or payment, the Governmental Lender and the Fiscal Agent may charge the holder of such Governmental Lender Note their reasonable fees and expenses, including attorneys' fees and expenses.

If, after the delivery of such replacement Governmental Lender Note, the original Governmental Lender Note in lieu of which such replacement Governmental Lender Note was issued is presented for payment or registration, the Fiscal Agent shall seek to recover such replacement Governmental Lender Note from the person to whom it was delivered or any person taking therefrom and shall be entitled to recover from the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the Fiscal Agent, the Borrower or the Governmental Lender in connection therewith.

**Section 2.5. Registration and Transfer of Governmental Lender Notes.**

(a) The Fiscal Agent acknowledges that the Funding Lender is the initial holder of the Governmental Lender Notes and shall remain the sole holder of the Governmental Lender Notes except as transferred as provided herein.

(b) The Fiscal Agent, on behalf of the Governmental Lender, shall provide for the registration of the Governmental Lender Notes and the registration of transfers thereof pursuant to Chapter 1203 of the Texas Government Code. In that regard, the Fiscal Agent shall maintain a register, which shall contain a record of every Governmental Lender Note at any time authenticated hereunder, together with the name and address of the holder thereof, the date of authentication, the date of transfer or payment, and such other matters as may be deemed appropriate by the Fiscal Agent or the Governmental Lender. The Governmental Lender, the Fiscal Agent and any agent of the Governmental Lender or the Fiscal Agent may treat the person in whose name a Governmental Lender Note is registered as the owner of such Governmental Lender Note for the purpose of receiving payment of the Governmental Lender Note and for all other purposes whatsoever whether or not the Governmental Lender Note payments are overdue, and, to the extent permitted by law, neither the Governmental Lender, the Fiscal Agent nor any such agent shall be affected by notice to the contrary.

(c) The transfer of a Governmental Lender Note is subject to registration by the holder thereof only upon compliance with the conditions for registration of transfer imposed on the holder under this Section 2.5 and Section 2.6 hereof. Upon surrender of a Governmental Lender Note at the Operations Office of the Fiscal Agent, the Governmental Lender shall execute (if necessary), and the Fiscal Agent shall authenticate and deliver, in the name of the designated transferee (but not registered in blank or to "bearer" or a similar designation), a new Governmental Lender Note of a like principal amount, and having the same stated maturity, tenor and interest rate.

(d) A Governmental Lender Note delivered in exchange for or upon transfer of a Governmental Lender Note shall be a valid limited obligation of the Governmental Lender evidencing the same debt, and entitled to the same benefits under this Funding Loan Agreement, as the Governmental Lender Note surrendered for such exchange or transfer.

(e) Registration of the transfer of a Governmental Lender Note may be made on the Fiscal Agent's register by the holder thereof in person or by such holder's attorney duly authorized in writing. The Governmental Lender Note presented or surrendered for registration of transfer or exchange shall (i) be accompanied by evidence of compliance with the provisions of (g) and Section 2.6 hereof, (ii) be duly endorsed or be accompanied by a written instrument or instruments of transfer, in a form satisfactory to the Fiscal Agent, duly executed and with guaranty of signature of the holder thereof or his, her or its attorney duly authorized in writing and (iii) include written instructions as to the details of the transfer of the Governmental Lender Note.

(f) No service charge shall be made to the registered holder of a Governmental Lender Note for any registration, transfer or exchange, but the Fiscal Agent and the Governmental Lender may require payment of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any transfer or exchange of the Governmental Lender Note, and any legal or unusual costs of transfers.

(g) No Governmental Lender Note may be transferred through the services of the Depository Trust Company or any other third party registrar other than the Fiscal Agent.

**Section 2.6. Required Transferee Representations Letter; Participations; Sale and Assignment.**

(a) For each Initial Note delivered to the Funding Lender on the Closing Date, the Funding Lender shall deliver to the Governmental Lender and the Fiscal Agent a signed Required Transferee Representations Letter in substantially the form attached hereto as Exhibit B on the Closing Date.

(b) The Funding Lender shall have the right to sell (i) a Governmental Lender Note, or (ii) subject to subsection (c) below, participation interests or other beneficial ownership interests in such Governmental Lender Note, provided that in each case such sale shall be only to Approved Transferees that execute and deliver to the Fiscal Agent, with a copy to the Governmental Lender, the Required Transferee Representations Letter; provided, however, that no Required Transferee Representations shall be required to be delivered by transferees or beneficial interest holders described in clauses (3) or (4) of the definition of "Approved Transferee." Anything herein to the contrary notwithstanding, the Governmental Lender Note shall only be transferable in whole so that there is, at any time, only a single registered owner thereof, although participation or beneficial ownership interests may be sold or transferred subject to the requirements of this Section 2.6.

(c) Notwithstanding the other provisions of this Section 2.6, no participation interest or other beneficial ownership interest in a Governmental Lender Note and Funding Loan shall be sold in an amount that is less than the Minimum Beneficial Ownership Amount; provided, however, that beneficial ownership interests in the Governmental Lender Notes described in clause (3) of the definition of "Approved Transferee" may be sold in any amount without regard to the Minimum Beneficial Ownership Amount.

(d) The parties agree that no rating shall be sought from a rating agency with respect to the Funding Loan or the Governmental Lender Notes.

(e) The Fiscal Agent will have no obligation or duty to monitor, determine or inquire as to compliance with any restrictions on transfer imposed under this Funding Loan Agreement or under applicable law with respect to any transfer of a Governmental Lender Note other than to examine the Required Transferee Representations Letter delivered to it to determine substantial compliance as to form with the express requirements hereof.

### **ARTICLE III PREPAYMENT**

**Section 3.1. Prepayment of the Governmental Lender Notes from Prepayment under the Borrower Notes.** The Governmental Lender Notes are subject to voluntary and mandatory prepayment as follows:

(a) Each Governmental Lender Note shall be subject to voluntary prepayment in full or in part by the Governmental Lender, from funds received by the Governmental Lender, to the extent and in the manner and on any date that the corresponding Borrower Note is subject to voluntary prepayment as set forth therein, at a prepayment price equal to the principal balance of the Borrower Note to be prepaid, plus interest thereon to the date of prepayment and the amount of any Prepayment Premium payable under the Borrower Note, plus any Additional Borrower Payments due and payable under the Borrower Loan Agreement through the date of prepayment, but only from amounts received pursuant to the Borrower Loan Documents.

The Borrower shall not have the right to voluntarily prepay all or any portion of a Borrower Note, thereby causing the applicable Governmental Lender Note to be prepaid, except as specifically permitted in the Borrower Note, without the prior Written Consent of Funding Lender, which may be withheld in Funding Lender's sole and absolute discretion.

(b) Each Governmental Lender Note shall be subject to mandatory prepayment in whole or in part upon prepayment of the corresponding Borrower Note at the Written Direction of the Funding Lender in accordance with the terms of the Borrower Note, at a prepayment price equal to the outstanding principal balance of the Borrower Note prepaid, plus accrued interest plus any other amounts payable under the Borrower Note or the Borrower Loan Agreement, but only from amounts received pursuant to the Borrower Loan Documents.

**Section 3.2. Notice of Prepayment.** Notice of prepayment of a Governmental Lender Note shall be deemed given to the extent that notice of prepayment of the applicable Borrower Note is timely and properly given to Funding Lender in accordance with the terms of the Borrower Note and the Borrower Loan Agreement, and no separate notice of prepayment of the Governmental Lender Note is required to be given.

### **ARTICLE IV SECURITY**

**Section 4.1. Security for the Governmental Lender Notes.** To secure the payment of the Governmental Lender Notes, to declare the terms and conditions on which the Governmental Lender Notes are secured, and in consideration of the premises and of the purchase of the Governmental Lender Notes by the Funding Lender, the Governmental Lender by these presents does grant, bargain, sell, remise, release, convey, assign, transfer, mortgage, hypothecate, pledge,



set over and confirm to the Fiscal Agent (except as limited herein), for the benefit of the holders from time to time of the Governmental Lender Notes, a lien on and security interest in the following described property (excepting, however, the Reserved Rights) (said property, rights and privileges being herein collectively called, the "Security"):

(a) All right, title and interest of the Governmental Lender in, to and under the Borrower Loan Agreement and the Borrower Notes, including, without limitation, all rents, revenues and receipts derived thereunder by the Governmental Lender from the Borrower relating to the Project and including, without limitation, all Pledged Revenues, Borrower Loan Payments and Additional Borrower Payments (except those related to the Reserved Rights) derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Borrower Loan Agreement; provided that the pledge and assignment made under this Funding Loan Agreement shall be limited to the Security received by the Governmental Lender from the Borrower, but subject to such limitation shall not impair or diminish the obligations of the Governmental Lender under the provisions of the Borrower Loan Agreement;

(b) All right, title and interest of the Governmental Lender in, to and under, together with all rights, remedies, privileges and options pertaining to, the Funding Loan Documents, and all other payments, revenues and receipts derived by the Governmental Lender under and pursuant to, and subject to the provisions of, the Funding Loan Documents;

(c) Any and all moneys and investments from time to time on deposit in, or forming a part of, all funds and accounts created and held by the Fiscal Agent under this Funding Loan Agreement (other than the Rebate Fund and the Closing Costs Fund), subject to the provisions of this Funding Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein; and

(d) Any and all other real or personal property of every kind and nature or description, which may from time to time hereafter, by delivery or by writing of any kind, be subjected to the lien of this Funding Loan Agreement as additional security by the Governmental Lender or anyone on its part or with its consent, or which pursuant to any of the provisions hereof or of the Borrower Loan Agreement may come into the possession or control of the Fiscal Agent or the Funding Lender or a receiver appointed pursuant to this Funding Loan Agreement; and the Fiscal Agent or the Funding Lender is hereby authorized to receive any and all such property as and for additional security for the Governmental Lender Notes and to hold and apply all such property subject to the terms hereof.

The pledge and assignment of and the security interest granted in the Security pursuant to this Section 4.1 for the payment of the principal of, premium, if any, and interest on the Governmental Lender Notes, in accordance with their terms and provisions, and for the payment of all other amounts due hereunder, shall attach and be valid and binding from and after the time of the delivery of the Governmental Lender Notes by the Governmental Lender. The Security so pledged and then or thereafter received by the Fiscal Agent or the Funding Lender shall immediately be subject to the lien of such pledge and security interest without any physical delivery or recording thereof or further act, and the lien of such pledge and security interest shall be valid and binding and prior to the claims of any and all parties having claims of any kind in tort, contract or otherwise against the Governmental Lender irrespective of whether such parties have

notice thereof. The Fiscal Agent shall have no responsibilities (except as expressly set forth herein) as to the validity, sufficiency, value, genuineness, ownership or transferability of the Security, written instructions, or any other documents in connection therewith, and will not be regarded as making nor be required to make, any representations thereto.

In the event that any of the Security shall be attached, garnished or levied upon by any court order, or the delivery thereof shall be stayed or enjoined by an order of a court, or any order, judgment or decree shall be made or entered by any court order affecting the Security, the Fiscal Agent is hereby expressly authorized, in its sole discretion, to respond as it deems appropriate or to comply with all writs, orders or decrees so entered or issued, or which it is advised by legal counsel of its own choosing is binding upon it, whether with or without jurisdiction. In the event that the Fiscal Agent obeys or complies with any such writ, order or decree it shall not be liable to any of the Governmental Lender or the Funding Lender or to any other person, firm or corporation, should, by reason of such compliance notwithstanding, such writ, order or decree be subsequently reversed, modified, annulled, set aside or vacated.

**Section 4.2. Delivery of Security.** To provide security for the payment of the Governmental Lender Notes, the Governmental Lender has pledged and assigned to secure payment of the Governmental Lender Notes its right, title and interest in the Security to the Fiscal Agent in trust for the benefit of the Noteowner. In connection with such pledge, assignment, transfer and conveyance, the Governmental Lender shall deliver to the Fiscal Agent the following documents or instruments promptly following their execution and, to the extent applicable, their recording or filing:

- (a) The Borrower Notes endorsed without recourse to the Fiscal Agent by the Governmental Lender;
- (b) The originally executed Borrower Loan Agreement and Regulatory Agreement;
- (c) The originally executed Security Instrument and all other Borrower Loan Documents existing at the time of delivery of the Borrower Note and an assignment for security of the Security Instrument from the Governmental Lender to the Fiscal Agent, in recordable form and acceptable to the Funding Lender as evidenced by its acceptance thereof on the Closing Date;
- (d) Uniform Commercial Code financing statements or other chattel security documents giving notice of the Fiscal Agent's status as an assignee of the Governmental Lender's security interest in any personal property forming part of the Project, in form suitable for filing and acceptable to the Funding Lender as evidenced by its acceptance thereof on the Closing Date; and
- (e) Uniform Commercial Code financing statements giving notice of the pledge by the Governmental Lender of the Security pledged under this Funding Loan Agreement and acceptable to the Funding Lender as evidenced by its acceptance thereof on the Closing Date.

The Governmental Lender shall deliver and deposit with the Fiscal Agent or the Funding Lender such additional documents, financing statements, and instruments as the Fiscal Agent, at the Written Direction of the Funding Lender, or the Funding Lender may reasonably require from

time to time for the better perfecting and assuring to the Funding Lender of its lien and security interest in and to the Security, at the expense of the Borrower.

The Fiscal Agent shall have no obligation to give, execute, deliver, file, record, authorize or obtain any financing statements, notices, instruments, documents, agreements, consents or other papers as shall be necessary to (i) create, preserve, perfect or validate the security interest granted to the Fiscal Agent pursuant this Funding Loan Agreement (except for the filing of continuation statements for filed financing statements on which the "Public-Finance Transaction" box has been marked to indicate that such financing statements have been filed in connection with a public finance transaction, copies of which are delivered to the Fiscal Agent as provided above); or (ii) enable the Fiscal Agent to exercise and enforce its rights with respect to such pledge and security interest. In addition, the Fiscal Agent shall have no responsibility or liability (i) in connection with the acts or omission of the Borrower in respect of the foregoing; or (ii) for or with respect to the legality, validity and enforceability of any security interest created in the Security or the perfection and priority of such security interest.

## **ARTICLE V LIMITED LIABILITY**

**Section 5.1. Source of Payment of Governmental Lender Notes and Other Obligations.** Notwithstanding any other provision of this Funding Loan Agreement to the contrary, THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL LENDER NOTES SOLELY OUT OF THE PLEDGED REVENUES AND SECURITY PLEDGED AND ASSIGNED HEREUNDER. THE GOVERNMENTAL LENDER NOTES SHALL BE SPECIAL LIMITED OBLIGATIONS OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE PLEDGED REVENUES AND SECURITY PLEDGED AND ASSIGNED HEREUNDER. THE GOVERNMENTAL LENDER NOTES SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE PLEDGED REVENUES AND SECURITY PLEDGED AND ASSIGNED HEREUNDER, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THIS FUNDING LOAN AGREEMENT. THE GOVERNMENTAL LENDER NOTES DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, OBLIGATIONS OR LOANS OF CREDIT OF THE STATE, THE COUNTY OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE GOVERNMENTAL LENDER NOTES DO NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE COUNTY OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE GOVERNMENTAL LENDER NOTES. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.

**Section 5.2. Exempt from Individual Liability.** No covenant, condition or agreement contained herein shall be deemed to be a covenant, agreement or obligation of any present or future

officer, director, employee or agent of the Governmental Lender in his individual capacity, and neither the officers, directors, employees or agents of the Governmental Lender executing the Governmental Lender Notes or this Funding Loan Agreement shall be liable personally on the Governmental Lender Notes or under this Funding Loan Agreement or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Notes or the execution of this Funding Loan Agreement.

## **ARTICLE VI CLOSING CONDITIONS; APPLICATION OF FUNDS**

**Section 6.1. Conditions Precedent to Closing.** Closing of the sale of the Governmental Lender Notes on the Closing Date shall be conditioned upon satisfaction or waiver by the Funding Lender in its sole discretion of each of the conditions precedent to closing set forth in this Funding Loan Agreement, including but not limited to the following:

- (a) Receipt by the Funding Lender of the original executed Governmental Lender Notes, authenticated by the Fiscal Agent;
- (b) Receipt by the Fiscal Agent of the original executed Borrower Notes, endorsed to the Fiscal Agent by the Governmental Lender;
- (c) Receipt by the Funding Lender of executed counterparts of this Funding Loan Agreement, the Borrower Loan Agreement, the Construction Funding Agreement, the Regulatory Agreement, the Tax Certificate and Agreement, the Security Instrument, and any UCC financing statement required by the Security Instrument;
- (d) Receipt by the Fiscal Agent of a certified copy of the Resolution;
- (e) Receipt by the Governmental Lender and Fiscal Agent of the executed Required Transferee Representations Letter from the Funding Lender;
- (f) A written request and authorization by the Governmental Lender (acting through an Authorized Representative) to the Fiscal Agent to authenticate and deliver the Governmental Lender Notes to or for the account of the Funding Lender upon receipt from the Funding Lender of the proceeds of the Governmental Lender Notes;
- (g) Delivery into escrow with the Title Company (or separate escrow company, if applicable) or to the Fiscal Agent, as appropriate, of all amounts required to be paid in connection with the origination of the Borrower Loan and the Governmental Lender Notes and any underlying real estate transfers or transactions, including the Costs of Issuance Deposit, in accordance with Section 2.3(c)(ii) of the Borrower Loan Agreement;
- (h) Receipt by the Funding Lender and the Fiscal Agent of a Governmental Lender Counsel Approving Opinion;
- (i) Receipt by the Funding Lender and the Fiscal Agent of an Opinion of Counsel to the effect that the Governmental Lender Notes are exempt from registration under the Securities

Act of 1933, and this Funding Loan Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended;

(j) Delivery of an opinion of counsel to the Borrower addressed to the Governmental Lender, the Fiscal Agent and the Funding Lender to the effect that the Borrower Loan Documents, the Regulatory Agreement, and the Tax Certificate and Agreement are valid and binding obligations of the Borrower, enforceable against the Borrower in accordance with their terms, subject to such exceptions and qualifications as are acceptable to the Governmental Lender and the Funding Lender;

(k) Receipt by the Funding Lender of the Initial Notes registered by the Comptroller and an Opinion of the Attorney General of the State of Texas approving the Governmental Lender Notes; and

(l) Receipt by the Funding Lender and the Governmental Lender of any other documents or opinions that the Funding Lender, the Governmental Lender or Governmental Lender Counsel may require. The Funding Lender shall be deemed to have received or waived all conditions precedent upon the release of the Funding Loan.

**Section 6.2. Application of Funds.** The Fiscal Agent shall deposit the proceeds of the Governmental Lender Notes and amounts received from or on behalf of the Borrower, as follows:

(a) The Fiscal Agent shall deposit the proceeds of the Governmental Lender Notes as follows: \$\_\_\_\_\_ into the Note Proceeds Account of the Project Fund; \$0 into the Capitalized Interest Account of the Project Fund; \$0 into the Expense Fund; and \$0 into the Closing Costs Fund.

(b) From the amounts received from or on behalf of the Borrower, the Fiscal Agent shall deposit the following amounts in the following funds:

(1) An amount equal to \$0 into the Capitalized Interest Account of the Project Fund;

(2) An amount equal to \$0 into the Expense Fund; and

(3) An amount equal to \$0 into the Borrower Equity Account of the Project Fund.

(c) Subsequent to the Closing Date, funds shall be deposited as provided in Article VII.

## **ARTICLE VII FUNDS AND ACCOUNTS**

**Section 7.1. Authorization to Create Funds and Accounts.** Funds and accounts shall be established on the Closing Date as provided in Section 7.3 hereof. Fiscal Agent is authorized, and the Funding Lender and the Servicer, if any, may give Written Directions to the Fiscal Agent, to establish and create from time to time such other funds and accounts or subaccounts as may be necessary for the deposit of moneys (including, without limitation, insurance proceeds and/or

condemnation awards), if any, received by the Governmental Lender, the Funding Lender, the Fiscal Agent or the Servicer, if any, pursuant to the terms hereof or any of the other Funding Loan Documents and not immediately transferred or disbursed pursuant to the terms of the Funding Loan Documents and/or the Borrower Loan Documents.

**Section 7.2. Investment of Funds.** Amounts held in any funds or accounts created under this Funding Loan Agreement shall be invested in Permitted Investments at the Written Direction of the Borrower, subject in all cases to the restrictions of Section 8.7 hereof and of the Tax Certificate and Agreement, and as more particularly described in Section 7.7 hereof. Pursuant to the Tax Certificate, the Fiscal Agent shall cause to be kept and maintained adequate records pertaining to investment of all proceeds of the Governmental Lender Notes sufficient to permit the Borrower, on behalf of the Governmental Lender, to determine the amount of rebate, if any, required to be paid to the United States of America pursuant to Section 148 of the Code. The Fiscal Agent shall have no responsibility to make such determination.

**Section 7.3. Establishment of Funds.** There are established with the Fiscal Agent the following funds and accounts:

- (a) The Governmental Lender Note Payment Fund;
- (b) The Project Fund, and within the Project Fund, a Note Proceeds Account, a Capitalized Interest Account and a Borrower Equity Account;
- (c) The Expense Fund;
- (d) The Closing Costs Fund; and
- (e) The Rebate Fund.

All money required to be deposited with or paid to the Fiscal Agent for the account of any of the funds or accounts created by this Funding Loan Agreement shall be held by the Fiscal Agent in trust for the benefit of the Funding Lender, and except for money held in the Expense Fund, the Closing Costs Fund and the Rebate Fund, shall, while held by the Fiscal Agent, constitute part of the Pledged Revenues and be subject to the lien hereof.

**Section 7.4. Governmental Lender Note Payment Fund.** The Governmental Lender and the Borrower shall have no interest in the Governmental Lender Note Payment Fund or the moneys therein, which shall always be maintained by the Fiscal Agent completely separate and segregated from all other moneys held hereunder and from any other moneys of the Governmental Lender and the Borrower.

The Fiscal Agent shall deposit into the Governmental Lender Note Payment Fund any amounts received from the Borrower as payments of principal, interest, premiums, if any, late payment fees on the Borrower Loan and any other amounts received by the Fiscal Agent that are subject to the lien and pledge of this Funding Loan Agreement, including any Pledged Revenues not required to be deposited to the Expense Fund or not otherwise specifically directed in writing to be deposited into other funds created by this Funding Loan Agreement.

The Fiscal Agent shall apply all amounts on deposit in the Governmental Lender Note Payment Fund in the following order of priority (unless otherwise directed in writing by the Funding Lender):

First, to pay or provide for the payment of the interest then due on the Governmental Lender Note;

Second, to pay or provide for the payment or the prepayment of principal (and premium, if any) on the Governmental Lender Notes, provided moneys have been transferred or deposited into the Governmental Lender Note Payment Fund for such purpose; and

Third, to pay or provide for the payment of the Governmental Lender Notes on their respective Maturity Dates.

**Section 7.5. Expense Fund.** The Fiscal Agent shall deposit in the Expense Fund the amounts required by the Regulatory Agreement or the Borrower Loan Agreement to be paid by the Borrower to the Governmental Lender or the Fiscal Agent. Amounts on deposit in the Expense Fund shall be used to pay the fees and expenses of the Governmental Lender and the Fiscal Agent, as and when the same become due. In that regard, moneys in the Expense Fund shall be withdrawn or maintained, as appropriate, by the Fiscal Agent to pay (i) at the Written Direction of the Governmental Lender, the Governmental Lender Fee, (ii) on each November 1, commencing \_\_\_\_\_, 2023, to the Fiscal Agent amounts due pursuant to subpart (a) of the definition of "Fiscal Agent's Fees" herein, (iii) upon receipt, to the Fiscal Agent, any amounts due to the Fiscal Agent which have not been paid, other than amounts paid in accordance with clause (ii) hereof, and (iv) upon receipt, to, or at the Written Direction of, the Governmental Lender, any amounts owing the Governmental Lender by the Borrower and then due and unpaid, other than amounts paid in accordance with clause (i) hereof.

In the event that the amounts on deposit in the Expense Fund are not equal to the amounts payable from the Expense Fund as provided in the preceding paragraph on any date on which such amounts are due and payable, the Fiscal Agent shall give notice to the Borrower of such deficiency and of the amount of such deficiency and request payment within two Business Days to the Fiscal Agent of the amount of such deficiency.

Written notice of any insufficiency, which results in the Governmental Lender not receiving the Governmental Lender Fee on the applicable due date, shall be provided by the Fiscal Agent to the Governmental Lender (with a copy to the Borrower and the Funding Lender) within 10 days of the respective due date.

Notwithstanding anything herein to the contrary, the Fiscal Agent, on behalf of the Governmental Lender, shall prepare and submit a written invoice to the Borrower for payment of the Governmental Lender Fee not later than 30 days prior to the due date for payment of such the Governmental Lender Fee, and shall remit moneys received by the Borrower to the Governmental Lender for payment of such fee.

**Section 7.6. Closing Costs Fund.** On the Closing Date, the Borrower shall deposit or cause to be deposited with the Fiscal Agent, for deposit in the Closing Costs Fund, the amount specified in Section 6.2; provided that, no more than two percent of the proceeds of the

Governmental Lender Notes shall be deposited in the Closing Costs Fund. Amounts in the Closing Costs Fund shall be disbursed by the Fiscal Agent to pay Closing Costs on the Closing Date or as soon as practicable thereafter: (a) Costs of Issuance, as stated in a completed requisition in the form of Exhibit D; and (b) the Fiscal Agent its closing fee of \$1,500 and annual minimum administrative fee of \$3,750. Any interest earnings on amounts on deposit in the Closing Costs Fund shall remain in the Closing Costs Fund. Any moneys remaining in the Closing Costs Fund (including investment proceeds) after the earlier of (i) the payment of all Costs of Issuance as certified in writing to the Fiscal Agent by the Borrower or (ii) a period of six (6) months after the Closing Date, shall be paid to or at the Written Direction of the Borrower and the Closing Costs Fund shall be closed.

#### **Section 7.7. Project Fund.**

(a) All proceeds of the Governmental Lender Notes provided by the Funding Lender shall be deposited to the Note Proceeds Account or Capitalized Interest Account of the Project Fund and disbursed as herein provided. The Fiscal Agent shall disburse moneys in the Note Proceeds Account of Project Fund for the acquisition, construction and equipping of the Project, to pay other Qualified Project Costs and to pay other costs related to the Project as provided herein as requested by the Borrower pursuant to a Written Requisition in the form attached hereto as Exhibit C. All funds deposited by or on behalf of the Borrower for credit to the Borrower Equity Account Project Fund shall be disbursed as requested by the Borrower pursuant to a Written Requisition in the form attached hereto as Exhibit C.

Before any payment shall be made from the Project Fund, the Regulatory Agreement shall have been executed and submitted to a title company for recordation in the official records of Travis County, Texas, and there shall be filed with the Fiscal Agent a Written Requisition of the Borrower substantially in the form attached hereto as Exhibit C and approved by the Funding Lender pursuant to the terms, conditions and provisions of the Construction Funding Agreement.

In addition to the above, in connection with a Written Requisition:

(1) Only the signature of an Authorized Representative of the Funding Lender shall be required on a Written Requisition during any period in which Borrower Loan Agreement Default has occurred and is then continuing under the Borrower Loan Documents (Written Notice of which default has been given by an Authorized Representative of the Funding Lender to the Fiscal Agent and the Governmental Lender, and the Fiscal Agent shall be entitled to conclusively rely on any such Written Notice as to the occurrence and continuation of such a default).

(2) The Fiscal Agent shall disburse amounts in the Project Fund for the payment of interest due on the Governmental Lender Note upon receipt from the Funding Lender of a statement detailing the amount due (and without the need for a Written Requisition signed by the Funding Lender or any approval by an Authorized Representative of the Borrower).

(3) The Fiscal Agent may conclusively rely on all Written Requisitions, the execution of the Written Requisitions by the Authorized Representative of the Borrower and the approval of all Written Requisitions by the Authorized Representative of the



Funding Lender, as required by this Section, as conditions of payment from the Project Fund, which Written Requisitions constitute, as to the Fiscal Agent, irrevocable determinations that all conditions to payment of the specified amounts from the Project Fund have been satisfied. These documents shall be retained by the Fiscal Agent, subject at all reasonable times to examination by the Borrower, the Governmental Lender, the Funding Lender and the agents and representatives thereof upon reasonable notice to the Fiscal Agent. The Fiscal Agent is not required to inspect the Project or the construction work or to make any independent investigation with respect to the matters set forth in any Written Requisition or other statements, orders, certifications and approvals received by the Fiscal Agent. The Fiscal Agent is not required to obtain completion bonds, lien releases or otherwise supervise the acquisition, construction, renovation, equipping, improvement and installation of the Project.

(b) Upon receipt of each Written Requisition submitted by the Borrower and Approved in Writing by the Funding Lender, the Fiscal Agent shall promptly, but in any case within three Business Days, make payment from the appropriate account within the Project Fund in accordance with such Written Requisition. The Fiscal Agent shall have no duty to determine whether any requested disbursement from the Note Proceeds Account of the Project Fund complies with the terms, conditions and provisions of the Funding Loan Documents, constitutes payment of Qualified Project Costs or complies with the other representations in the Written Requisition. The Approval in Writing of a Written Requisition by the Funding Lender shall be deemed a certification and, insofar as the Fiscal Agent is concerned, shall constitute conclusive evidence that all of the terms, conditions and requirements of the Funding Loan Documents applicable to such disbursement have been fully satisfied or waived and the Written Requisition from the Borrower shall, insofar as the Fiscal Agent is concerned, constitute conclusive evidence that the costs described in the Written Requisition constitute Qualified Project Costs or other permitted Project costs.

The Fiscal Agent shall promptly provide Written Notice to the Borrower, the Funding Lender and the Governmental Lender if there are not sufficient funds available to or on deposit with the Fiscal Agent to make the disbursements as and when required by this Section 7.7(b). Except as provided in the next sentence, all such payments shall be made in the manner and per the payment instructions provided in the Written Requisition and approved by both parties executing it. Upon the occurrence of an Event of Default of the Borrower of which the Fiscal Agent has knowledge as provided herein, which is continuing under the Funding Loan Documents, with the Written Consent of the Funding Lender, the Fiscal Agent may apply amounts on deposit in the Borrower Equity Account of the Project Fund to the payment of principal of and interest on the Governmental Lender Note. If a Written Requisition signed by the Authorized Representative of the Borrower and countersigned by an Authorized Representative of the Funding Lender is received by the Fiscal Agent, the requested disbursement shall be paid by the Fiscal Agent as soon as practicable, but in no event later than three Business Days following receipt thereof by the Fiscal Agent. Upon final disbursement of all amounts on deposit in the Project Fund, the Fiscal Agent shall close the Project Fund.

(c) Moneys on deposit in the Capitalized Interest Account of the Project Fund, together with investment earnings thereon, which shall be retained therein, shall be transferred to the Governmental Lender Note Payment Fund and applied pursuant to Section 7.4 on each Borrower

Loan Payment Date to the extent necessary to enable the Fiscal Agent to pay interest due on the Funding Loan on such date; provided that, upon receipt of a Written Direction of the Borrower, moneys on deposit in the Capitalized Interest Account of the Project Fund shall be transferred to the Servicer on the date when due under the Borrower Note in an amount as set forth in such Written Direction, which amount shall represent the Borrower Loan Payment due at such time. Upon the request of the Fiscal Agent, the Servicer shall provide the Fiscal Agent with a schedule of the Borrower Loan Payment Dates and corresponding Borrower Loan Payment amounts. The transfer of moneys from the Capitalized Interest Account of the Project Fund to the Governmental Lender Note Payment Fund or the Servicer as set forth above shall occur automatically without the need for a Written Requisition of the Borrower, or consent of the Funding Lender. After the Closing Date, the Borrower, with the written consent of the Funding Lender, may deposit additional funds into the Capitalized Interest Account.

(d) Immediately prior to any mandatory prepayment of the Governmental Lender Notes pursuant to the terms hereof, any amounts then remaining in the Project Fund shall, at the Written Direction of the Funding Lender, be transferred to the Governmental Lender Note Payment Fund to be applied to the prepayment of the Governmental Lender Notes pursuant hereto.

(e) Amounts on deposit in the Project Fund shall be invested in Permitted Investments at the Written Direction of the Borrower. Investment income earned on amounts on deposit in each account of the Project Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Project Fund.

(f) Amounts on deposit in the Governmental Lender Note Payment Fund, Expense Fund and Closing Costs Fund shall be invested in Permitted Investments at the Written Direction of the Borrower. The Fiscal Agent shall have no discretion for investing funds or advising any party on investing funds. Investment income earned on amounts on deposit in each account of the Governmental Lender Note Payment Fund, Expense Fund and Closing Costs Fund shall be retained in and credited to and become a part of the amounts on deposit in that account of the Governmental Lender Note Payment Fund, Expense Fund and Closing Costs Fund.

In the absence of Written Direction from the Borrower, such amounts shall be invested by the Fiscal Agent only in investments described in (e) of the definition of Permitted Investments.

The Fiscal Agent is authorized to implement its automated cash investment system to assure that cash on hand is invested and to charge its normal cash management fees, which may be deducted from income earned on investments. The Fiscal Agent shall not be liable for any losses (including, specifically depreciation of value) resulting from investments made in Permitted Investments. The Fiscal Agent shall not be responsible for the Governmental Lender Notes becoming "arbitrage bonds" as defined in the Code when it makes investments pursuant to the terms hereof.

The Fiscal Agent may make any and all investments permitted under this Funding Loan Agreement through its own trust or banking department or any Affiliate and may pay said department reasonable, customary fees for placing such investments. The Fiscal Agent and its Affiliates may act as principal, agent, sponsor, advisor or depository with respect to Permitted Investments under this Funding Loan Agreement. The Fiscal Agent shall have no responsibility or

liability for any loss which may result from any investment or sale of investment made pursuant to this Funding Loan Agreement. The Fiscal Agent is hereby authorized in making or disposing of any investment permitted by this Funding Loan Agreement, to deal with itself (in its individual capacity) or with any one or more of its affiliates, whether it or any such affiliate is acting as agent of the Fiscal Agent or for any third person or dealing as principal for its own account. The Governmental Lender, the Funding Lender and the Borrower acknowledge that the Fiscal Agent is not providing investment supervision, recommendations, or advice.

The Governmental Lender, the Funding Lender and the Borrower (by its execution of the Borrower Loan Agreement) acknowledge that to the extent regulations of the Comptroller of the Currency or other applicable regulatory entity grant the Governmental Lender or the Funding Lender the right to receive brokerage confirmations of security transactions as they occur, the Governmental Lender and the Funding Lender will not receive such confirmations to the extent permitted by law. The Fiscal Agent shall furnish the Borrower, the Funding Lender and the Governmental Lender (to the extent requested by such parties) periodic cash transaction statements which shall detail for all investment transactions, if any, made by the Fiscal Agent hereunder.

(g) Unless otherwise approved by the Governmental Lender and the Funding Lender, any amounts representing proceeds of the Funding Loan remaining on deposit in any fund or account held under this Funding Loan Agreement on the Outside Conversion Date, shall be immediately transferred to the Funding Loan Payment Account and used to prepay the Governmental Lender Notes.

**Section 7.8. Rebate Fund.** (a) The Fiscal Agent shall maintain the Rebate Fund, for the benefit of all persons who are or have at any time been owners of the Governmental Lender Notes, at all times prior to the final payment to the United States of America of the amounts described in Subsection (c) of this Section which funds shall not be part of the Security established hereunder. The money deposited to the Rebate Fund, together with all investments thereof and investment income therefrom, shall be held in trust separately and apart from the other funds held under this Funding Loan Agreement and applied solely as provided in this Section, unless in the Opinion of Governmental Lender Counsel failure to make such application will not adversely affect any exclusion from gross income of interest on the Governmental Lender Notes under the Code.

(b) The Fiscal Agent shall deposit or transfer to the credit of the account of the Rebate Fund each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. The Fiscal Agent shall credit all earnings and debit all losses from the investment of money held for the account of the Rebate Fund to such fund. The Fiscal Agent shall furnish to the Borrower all information reasonably requested by the Borrower with respect to the Governmental Lender Notes and investment of funds and accounts maintained by the Fiscal Agent hereunder.

(c) (i) Within 30 days after each Computation Date, the Fiscal Agent, on behalf of the Governmental Lender, shall withdraw from the Rebate Fund and pay to the United States of America the appropriate portion of the Rebate Amount (determined by the Rebate Analyst on behalf of the Borrower) in the installments, to the place and in the manner required by section 148(f) of the Code, the Regulations, and rulings thereunder as instructed by the Borrower or its

legal counsel and as provided in subsection (iii) below. The Fiscal Agent shall have no obligation to pay any amounts required to be rebated pursuant to this Section other than from moneys held in the Funds created under this Funding Loan Agreement or from other moneys provided to it by the Borrower.

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

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

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

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

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

(g) Notwithstanding any provision of this Funding Loan Agreement or the other Funding Loan Documents, the Fiscal Agent shall not be liable or responsible for any method of calculation, or any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any successor statute or any regulation, ruling, or other judicial or administrative interpretation thereof, including, without limitation, the

calculation of amounts required to be paid the United States of America or the determination of the maximum amount which may be invested in Nonpurpose Investments having a higher yield than the yield on the Governmental Lender Notes, in connection with any such investments. The method of calculation and determination required by section 148 of the Code shall be accomplished by a Rebate Analyst engaged by the Borrower. The Fiscal Agent shall not be liable or responsible for the negligence or misconduct of the Rebate Analyst. The Fiscal Agent shall not be liable or responsible for monitoring the compliance by the Borrower or the Governmental Lender of any of the requirements of Section 148 of the Code or any applicable regulation, ruling, or other judicial or administrative interpretation thereof (except for the administrative functions described in this Section and in this Funding Loan Agreement), it being acknowledged and agreed that the sole obligation of the Fiscal Agent in this regard shall be (i) to invest the moneys received by the Fiscal Agent pursuant to the written instructions of the Borrower in the specific investments identified by the Borrower or, in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of this Funding Loan Agreement and (ii) to follow instructions contained in this Section and in this Funding Loan Agreement. The Fiscal Agent shall not be liable for the Governmental Lender Notes becoming "arbitrage bonds" within the meaning of the Code, as a result of investments it makes in compliance with the instructions it receives or pursuant to or in compliance with the terms of this Funding Loan Agreement.

Any provision hereof to the contrary notwithstanding, amounts credited to the Rebate Fund shall be free and clear of any lien hereunder.

## **ARTICLE VIII REPRESENTATIONS AND COVENANTS**

**Section 8.1. General Representations.** The Governmental Lender makes the following representations as the basis for the undertakings on its part herein contained:

(a) The Governmental Lender is a public nonprofit corporation, organized and existing under the laws of the State of Texas, has the power and authority to (i) enter into the Funding Loan Documents to which it is a party and the transactions contemplated thereby, (ii) incur the special limited obligation represented by the Governmental Lender Notes and the Funding Loan and apply the proceeds of such obligation or loan to finance the Project and (iii) carry out its other obligations under this Funding Loan Agreement and the Governmental Lender Notes, and by proper action has duly authorized the Governmental Lender's execution and delivery of, and its performance under, such Funding Loan Documents and all other agreements and instruments relating thereto.

(b) The Governmental Lender is not in default under or in violation of, and the execution and delivery of the Funding Loan Documents to which it is a party and its compliance with the terms and conditions thereof will not conflict or constitute a default under or a violation of, (i) the Act, (ii) to its knowledge, any other existing laws, rules, regulations, judgments, decrees and orders applicable to it, or (iii) to its knowledge, the provisions of any agreements and instruments to which the Governmental Lender is a party, a default under or violation of which would prevent it from entering into the Funding Loan Agreement, executing and delivering the Governmental Lender Notes, financing the Project, executing and delivering the other Funding Loan Documents to which it is a party or consummating the transactions contemplated thereby,

and, to its knowledge, no event has occurred and is continuing under the provisions of any such agreement or instrument or otherwise that with the lapse of time or the giving of notice, or both, would constitute such a default or violation (it being understood, however, that the Governmental Lender is making no representations as to the necessity of registering the Borrower Notes pursuant to any securities laws or complying with any other requirements of securities laws).

(c) No litigation, inquiry or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the knowledge of the Governmental Lender, threatened against the Governmental Lender with respect to (i) the organization and existence of the Governmental Lender, (ii) its authority to execute or deliver the Funding Loan Documents to which it is a party, (iii) the validity or enforceability of any such Funding Loan Documents or the transactions contemplated thereby, (iv) the title of any officer of the Governmental Lender who executed such Funding Loan Documents or (v) any authority or proceedings relating to the execution and delivery of such Funding Loan Documents on behalf of the Governmental Lender, and no such authority or proceedings have been repealed, revoked, rescinded or amended but are in full force and effect.

(d) The revenues and receipts to be derived from the Borrower Loan Agreement, the Borrower Notes and this Funding Loan Agreement have not been pledged previously by the Governmental Lender to secure any of its notes or bonds other than the Funding Loan Agreement as evidenced by the Governmental Lender Notes.

THE GOVERNMENTAL LENDER MAKES NO REPRESENTATION, COVENANT OR AGREEMENT AS TO THE FINANCIAL POSITION OR BUSINESS CONDITION OF THE BORROWER OR THE PROJECT AND DOES NOT REPRESENT OR WARRANT AS TO ANY STATEMENTS, MATERIALS, REPRESENTATIONS OR CERTIFICATIONS FURNISHED BY THE BORROWER IN CONNECTION WITH THE GOVERNMENTAL LENDER NOTE OR AS TO THE CORRECTNESS, COMPLETENESS OR ACCURACY THEREOF.

**Section 8.2. No Encumbrance on Security.** The Governmental Lender will not knowingly create any mortgage, pledge, lien, charge or encumbrance of any kind on the Security or any part thereof prior to or on a parity with the lien of this Funding Loan Agreement, except as expressly permitted or contemplated by the Funding Loan Documents.

**Section 8.3. Repayment of Governmental Lender Notes.** Subject to the provisions of Article V hereof, the Governmental Lender will duly and punctually repay, or cause to be repaid, the Governmental Lender Notes as and when the same shall become due, all in accordance with the terms of the Governmental Lender Notes and this Funding Loan Agreement but only from available Pledged Revenues.

**Section 8.4. Servicer.** The Funding Lender may appoint a Servicer to service and administer the Funding Loan and/or the Borrower Loan on behalf of the Funding Lender and the Fiscal Agent, including without limitation the fulfillment of rights and responsibilities granted by Governmental Lender to Funding Lender pursuant to Section 2.1 of the Borrower Loan Agreement.

#### **Section 8.5. Borrower Loan Agreement Performance.**

(a) The Funding Lender, the Fiscal Agent and the Servicer, if any, on behalf of the Governmental Lender, may (but shall not be required or obligated) perform and observe any such agreement or covenant of the Governmental Lender under the Borrower Loan Agreement, all to the end that the Governmental Lender's rights under the Borrower Loan Agreement may be unimpaired and free from default.

(b) The Fiscal Agent will promptly notify the Borrower, the Governmental Lender, the Servicer, if any, and the Funding Lender in writing of the occurrence of any Borrower Loan Agreement Default, provided that the Fiscal Agent has received Written Notice thereof.

#### **Section 8.6. Maintenance of Records; Inspection of Records.**

(a) The Fiscal Agent shall keep and maintain records pertaining to any funds and accounts established hereunder, including all deposits to and disbursements from said funds and accounts and shall keep and maintain the registration books for the Governmental Lender Notes and interests therein. The Fiscal Agent shall retain in its possession all certifications and other documents presented to it, all such records and all records of principal, interest and premium paid on the Governmental Lender Notes, subject to the inspection of the Funding Lender and the Governmental Lender and their representatives at all reasonable times and upon reasonable prior notice.

(b) The Governmental Lender and the Fiscal Agent will at any and all times, upon the reasonable request of the Servicer, if any, the Borrower, the Fiscal Agent, the Governmental Lender or the Funding Lender, afford and procure a reasonable opportunity by their respective representatives to inspect the books, records, reports and other papers of the Governmental Lender or the Fiscal Agent, as appropriate, relating to the Project and the Governmental Lender Notes, if any, and to make copies thereof.

#### **Section 8.7. Tax Covenants.**

(a) *Governmental Lender's Covenants.* The Governmental Lender covenants to and for the benefit of the Funding Lender that it will:

(1) neither make or use nor cause to be made or used any investment or other use of the proceeds of the Governmental Lender Notes or the money and investments held in the funds and accounts in any manner which would cause the Governmental Lender Notes to be "arbitrage bonds" under Section 148 of the Code and the Regulations issued under Section 148 of the Code (the "**Regulations**") or which would otherwise cause the interest payable on the Governmental Lender Notes to be includable in gross income for federal income tax purposes;

(2) enforce or cause to be enforced all obligations of the Borrower under the Regulatory Agreement in accordance with its terms and seek to cause the Borrower to correct any violation of the Regulatory Agreement within a reasonable period after it first discovers or becomes aware of any such violation;

(3) not take or cause to be taken any other action or actions, or fail to take any action or actions, if the same would cause the interest payable on the Governmental Lender Notes to be includable in gross income for federal income tax purposes;

(4) at all times do and perform all acts and things permitted by law and necessary or desirable in order to assure that interest paid by the Governmental Lender on the Governmental Lender Notes will be excluded from the gross income for federal income tax purposes, of the Funding Lender pursuant to the Code, except in the event where the Funding Lender is a "substantial user" of the facilities financed with the Governmental Lender Notes or a "related person" within the meaning of the Code

(5) not take any action or permit or suffer any action to be taken if the result of the same would be to cause the Governmental Lender Notes to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations; and

In furtherance of the covenants in this Section 8.7, the Governmental Lender and the Borrower shall execute, deliver and comply with the provisions of the Tax Certificate, which is by this reference incorporated into this Funding Loan Agreement and made a part of this Funding Loan Agreement as if set forth in this Funding Loan Agreement in full, and by its acceptance of this Funding Loan Agreement the Fiscal Agent acknowledges receipt of the Tax Certificate and acknowledges its incorporation into this Funding Loan Agreement by this reference and agrees to comply with the terms specifically applicable to it.

(b) Fiscal Agent's Covenants. The Fiscal Agent agrees that it will invest funds held under this Funding Loan Agreement in accordance with its covenants and the terms of this Funding Loan Agreement. The Fiscal Agent covenants to and for the benefit of the Funding Lender that, notwithstanding any other provisions of this Funding Loan Agreement or of any other Funding Loan Document, it will not knowingly make or cause to be made any investment or other use of the money in the funds or accounts created hereunder which would cause the Governmental Lender Notes to be classified as "arbitrage bonds" within the meaning of Sections 103(b) and 148 of the Code or would cause the interest on the Governmental Lender Notes to be includable in gross income for federal income tax purposes; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it follows the written directions of the Borrower, the Governmental Lender, the Governmental Lender Counsel or the Rebate Analyst or Section 7.7(f) hereof in the absence of direction. This covenant shall extend, throughout the term of the Governmental Lender Notes, to all funds created under this Funding Loan Agreement and all money on deposit to the credit of any such fund. Pursuant to this covenant, with respect to the investments of the funds and accounts under this Funding Loan Agreement, the Fiscal Agent obligates itself to comply throughout the term of the Funding Loan with the requirements of Sections 103(b) and 148 of the Code; provided that the Fiscal Agent shall be deemed to have complied with such requirements and shall have no liability to the extent it follows the written directions of the Borrower, the Governmental Lender, Governmental Lender Counsel or the Rebate Analyst. The Fiscal Agent further covenants that should the Governmental Lender or the Borrower file with the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so file), or should the Fiscal Agent receive, an opinion of Governmental Lender Counsel to the effect that any proposed investment or other use of proceeds of the Governmental Lender Notes would cause the Governmental Lender Notes to



become "arbitrage bonds," then the Fiscal Agent will comply with any written instructions of the Governmental Lender, the Borrower or the Governmental Lender Counsel regarding such investment (which shall, in any event, be a Qualified Investment) or use so as to prevent the Governmental Lender Notes from becoming "arbitrage bonds," and the Fiscal Agent will bear no liability to the Governmental Lender, the Borrower or the Funding Lender for investments made in accordance with such instructions.

**Section 8.8. Performance by the Borrower.** Without relieving the Governmental Lender from the responsibility for performance and observance of the agreements and covenants required to be performed and observed by it hereunder, the Borrower, on behalf of the Governmental Lender, may perform any such agreement or covenant if no Borrower Loan Agreement Default or Potential Default under the Borrower Loan Agreement exists.

**Section 8.9. Maintenance of Records.** The Funding Lender shall keep and maintain adequate records pertaining to funds and accounts relative to the Borrower Loan not established with the Fiscal Agent, if any, including all deposits to and disbursements from said funds and accounts and will provide information and records relating thereto to the Fiscal Agent or the Governmental Lender upon request.

**Section 8.10. Program Investment.** The proceeds of the Governmental Lender Notes are to be used to finance the Project. With respect to the Governmental Lender Notes, (a) at least 95 percent of all obligations acquired with the proceeds of the Governmental Lender Notes, by amount of cost outstanding, will be loans to a substantial number of persons representing the general public, loans to exempt persons, or loans to provide housing and related facilities, or any combination of the foregoing; (b) at least 95 percent of all amounts received by the Governmental Lender with respect to the Governmental Lender Notes will be used for one or more of the following purposes: to make loans to provide housing, to pay the principal or interest or otherwise to service the debt on the Governmental Lender Notes, to reimburse the Governmental Lender or to pay for administrative costs of issuing such obligations, or to redeem or retire such Governmental Lender Notes of the Governmental Lender at the next earliest possible date of redemption; and (c) any person or any related party, as defined in section 1.150-1 of the Treasury Regulations, from whom the Governmental Lender may acquire obligations, shall not, pursuant to an arrangement, formal or informal, purchase the Governmental Lender Notes in an amount related to the amount of the obligations to be acquired from such person by the Governmental Lender.

## **ARTICLE IX DEFAULT; REMEDIES**

**Section 9.1. Events of Default.** Any one or more of the following shall constitute an event of default (an "Event of Default") under this Funding Loan Agreement (whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment, decree or order of any court or any order, rule or regulation of any administrative or Governmental body):

(a) A default in the payment of any interest upon the Governmental Lender Notes when such interest becomes due and payable; or

(b) A default in the payment of principal of, or premium on, the Governmental Lender Notes when such principal or premium becomes due and payable, whether at its stated maturity, by declaration of acceleration or call for mandatory prepayment or otherwise; or

(c) Subject to Section 8.8 hereof, default in the performance or breach of any material covenant or warranty of the Governmental Lender in this Funding Loan Agreement (other than a covenant or warranty or default in the performance or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there has been given Written Notice, as provided in Section 12.1 hereof, to the Governmental Lender and the Borrower by the Funding Lender or the Servicer, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under this Funding Loan Agreement; provided that, so long as the Governmental Lender has commenced to cure such failure to observe or perform within the thirty (30) day cure period and the subject matter of the default is not capable of cure within said thirty (30) day period and the Governmental Lender or Borrower is diligently pursuing such cure to the Funding Lender's satisfaction, with the Funding Lender's Written Direction or Written Consent, then the Governmental Lender or Borrower shall have an additional period of time as reasonably necessary (not to exceed 30 days unless extended by the Written Direction of the Funding Lender) within which to cure such default; or

(d) A default in the payment of any Additional Borrower Payments; or

(e) Any other "Default" or "Event of Default" under any of the other Funding Loan Documents (taking into account any applicable notice, grace or cure periods therein).

**Section 9.2. Provisions Regarding Any Default and Acceleration.**

(a) In the event of an Event of Default, the Funding Lender, in its discretion, may accelerate the amounts due hereunder and under the Borrower Loan Agreement and take other remedial actions available hereunder or thereunder. The Funding Lender may, in its discretion, upon the acceleration of the Borrower's obligations under the Borrower Loan Documents, give Written Direction to the Fiscal Agent to simultaneously accelerate the maturity of the Governmental Lender Notes and apply any funds available hereunder to the payment of the Governmental Lender Notes (after paying the fees and expenses of the Fiscal Agent and the Governmental Lender). The Governmental Lender shall cooperate with the Fiscal Agent and the Funding Lender in exercising rights and remedies under the Funding Loan Documents and the Borrower Loan Documents, but only upon being satisfactorily indemnified by the Borrower for any fees or expenses relating thereto as provided in the Funding Loan Agreement, the Borrower Loan Agreement and Regulatory Agreement. The Fiscal Agent shall take Written Direction from the Funding Lender with respect to the foregoing matters. Funding Lender will provide written notice of any such acceleration to Governmental Lender, Borrower and Equity Investor.

(b) At any time after a declaration of acceleration has been made pursuant to paragraph (a) of this Section, the Funding Lender may by Written Notice to the Governmental Lender, with a copy to the Fiscal Agent, rescind and annul such declaration and its consequences if:

(1) There has been deposited with the Fiscal Agent a sum sufficient to pay (i) all overdue installments of interest on the Governmental Lender Notes, (ii) the principal of

and Prepayment Premium on the Governmental Lender Notes that has become due otherwise than by such declaration of acceleration and interest thereon at the rate or rates prescribed therefor in the Governmental Lender Notes, (iii) to the extent that payment of such interest is lawful, interest upon overdue installments of interest at the rate or rates prescribed therefor in the Governmental Lender Notes, and (iv) all sums paid or advanced by the Funding Lender and the Fiscal Agent and the reasonable compensation, expenses, disbursements and advances of the Funding Lender, the Fiscal Agent, and their agents and counsel (but only to the extent not duplicative with subclauses (i) and (iii) above); and

(2) All Events of Default, other than the non-payment of the principal of the Governmental Lender Note which have become due solely by such declaration of acceleration, have been cured or have been waived in writing as provided in Section 9.9 hereof.

No such rescission and annulment shall affect any subsequent default or impair any right consequent thereon.

(c) Notwithstanding the occurrence and continuation of an Event of Default, it is understood that the Funding Lender shall pursue no remedies against the Borrower or the Project if no Borrower Loan Agreement Default has occurred and is continuing. An Event of Default hereunder shall not in and of itself constitute a Borrower Loan Agreement Default.

### **Section 9.3. Additional Remedies; Funding Lender Enforcement.**

(a) Upon the occurrence of an Event of Default, the Funding Lender may, subject to the provisions of this Section 9.3 and Section 9.9 hereof, proceed to protect and enforce its rights by mandamus or other suit, action or proceeding at law or in equity. No remedy conferred by this Funding Loan Agreement upon or remedy reserved to the Funding Lender is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and shall be in addition to any other remedy given to the Funding Lender hereunder or now or hereafter existing at law or in equity or by statute.

(b) Upon the occurrence and continuation of any Event of Default, the Funding Lender may proceed forthwith to protect and enforce its rights in this Funding Loan Agreement by such suits, actions or proceedings as the Funding Lender, in its sole discretion, shall deem expedient. Funding Lender shall have upon the occurrence and continuation of any Event of Default all rights, powers, and remedies with respect to the Security as are available under the Uniform Commercial Code applicable thereto or as are available under any other applicable law at the time in effect and, without limiting the generality of the foregoing, the Funding Lender may proceed at law or in equity or otherwise, to the extent permitted by applicable law:

(1) to take possession of the Security or any part thereof, with or without legal process, and to hold, service, administer and enforce any rights thereunder or thereto, and otherwise exercise all rights of ownership thereof, including (but not limited to) the sale of all or part of the Security;

(2) to become mortgagee of record for the Borrower Loan including, without limitation, completing the assignment of the Security Instrument by the Governmental

Lender to the Funding Lender as anticipated by this Funding Loan Agreement, and recording the same in the real estate records of the jurisdiction in which the Project is located, without further act or consent of the Governmental Lender, and to service and administer the same for its own account;

(3) to service and administer the Governmental Lender Note as agent and on behalf of the Governmental Lender or otherwise, and, if applicable, to take such actions necessary to enforce the Borrower Loan Documents and the Funding Loan Documents on its own behalf, and to take such alternative courses of action, as it may deem appropriate; or

(4) to take such steps to protect and enforce its rights whether by action, suit or proceeding in equity or at law for the specific performance of any covenant, condition or agreement in the Governmental Lender Notes, this Funding Loan Agreement or the other Funding Loan Documents, or the Borrower Loan Documents, or in and of the execution of any power herein granted, or for foreclosure hereunder, or for enforcement of any other appropriate legal or equitable remedy or otherwise as the Funding Lender may elect.

(c) Whether or not an Event of Default has occurred, the Funding Lender, in its sole discretion, shall have the sole right to waive or forbear any term, condition, covenant or agreement of the Security Instrument, the Borrower Loan Agreement, the Borrower Notes or any other Borrower Loan Documents or Funding Loan Documents applicable to the Borrower, or any breach thereof, other than a covenant that would adversely impact the tax-exempt status of the interest on the Governmental Lender Notes, and provided that the Governmental Lender may enforce specific performance with respect to the Reserved Rights; provided, however, that any such forbearance by the Funding Lender in the exercise of its remedies under the Funding Loan Documents shall not be construed as a waiver by the Funding Lender of any Conditions to Conversion.

(d) If the Borrower defaults in the performance or observance of any covenant, agreement or obligation of the Borrower set forth in the Regulatory Agreement, and if such default remains uncured for a period of 60 days after the Borrower and the Funding Lender receive Written Notice stating that a default under the Regulatory Agreement has occurred and specifying the nature of the default, the Funding Lender shall have the right to seek specific performance of the provisions of the Regulatory Agreement or to exercise its other rights or remedies thereunder.

(e) If the Borrower defaults in the performance of its obligations under the Borrower Loan Agreement to make rebate payments, to comply with any applicable continuing disclosure requirements, or to make payments owed pursuant to Sections 2.5, 5.14 or 5.15 of the Borrower Loan Agreement for fees, expenses or indemnification, the Funding Lender shall have the right to exercise all its rights and remedies thereunder (subject to the last paragraph of Section 9.14 hereof).

**Section 9.4. Application of Money Collected.** Any money collected by the Funding Lender pursuant to this Article and any other sums then held by the Funding Lender as part of the Security, shall be applied in the following order, at the date or dates fixed by the Funding Lender:

(a) First: To the payment of any and all amounts due under the Funding Loan Documents, other than with respect to principal and interest accrued on the Governmental Lender

Note, including, without limitation, any amounts due to the Governmental Lender, the Funding Lender, the Servicer, the Fiscal Agent and the Rebate Analyst;

(b) Second: To the payment of the whole amount of the Governmental Lender Note, then due and unpaid in respect of which or for the benefit of which such money has been collected, with interest (to the extent that such interest has been collected or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Governmental Lender Notes) on overdue principal of, and Prepayment Premium and overdue installments of interest on the Governmental Lender Notes; provided, however, that partial interests in any portion of the Governmental Lender Notes shall be paid in such order of priority as may be prescribed by Written Direction of the Funding Lender in its sole and absolute discretion; and

(c) Third: The payment of the remainder, if any, to the Borrower or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may direct.

If and to the extent this Section 9.4 conflicts with the provisions of the Servicing Agreement, if any, the provisions of the Servicing Agreement shall control (except for the obligation to pay items listed under (a) above).

**Section 9.5. Remedies Vested in Funding Lender.** All rights of action and claims under this Funding Loan Agreement or the Governmental Lender Notes may be prosecuted and enforced by the Funding Lender without the possession of the Governmental Lender Notes or the production thereof in any proceeding relating thereto.

**Section 9.6. Restoration of Positions.** If Funding Lender shall have instituted any proceeding to enforce any right or remedy under this Funding Loan Agreement and such proceeding shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Funding Lender, then and in every such case the Governmental Lender and the Funding Lender shall, subject to any determination in such proceeding, be restored to their former positions hereunder, and thereafter all rights and remedies of the Governmental Lender and the Funding Lender shall continue as though no such proceeding had been instituted.

**Section 9.7. Rights and Remedies Cumulative.** No right or remedy herein conferred upon or reserved to the Funding Lender is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

**Section 9.8. Delay or Omission Not Waiver.** No delay or omission of the Funding Lender to exercise any right or remedy accruing upon an Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Funding Lender may be exercised from time to time, and as often as may be deemed expedient, by Funding Lender. No waiver of any default or Event of Default pursuant to Section 9.9 hereof shall extend to or shall affect any

subsequent default or Event of Default hereunder or shall impair any rights or remedies consequent thereon.

**Section 9.9. Waiver of Past Defaults.** Before any judgment or decree for payment of money due has been obtained by the Funding Lender, the Funding Lender may, subject to Section 9.6 hereof, by Written Notice to the Governmental Lender, the Fiscal Agent and the Borrower, waive any past default hereunder or under the Borrower Loan Agreement and its consequences except for default in obligations due the Governmental Lender pursuant to or under the Reserved Rights. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured, for every purpose of this Funding Loan Agreement and the Borrower Loan Agreement; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

**Section 9.10. Remedies Under Borrower Loan Agreement or Borrower Note.** As set forth in this Section 9.10 but subject to Section 9.9 hereof, the Funding Lender shall have the right, in its own name or on behalf of the Governmental Lender, to declare any default and exercise any remedies under the Borrower Loan Agreement or the Borrower Notes (provided any applicable notice, cure or grace periods have expired), whether or not the Governmental Lender Note has been accelerated or declared due and payable by reason of an Event of Default.

**Section 9.11. Waiver of Appraisal and Other Laws.**

(a) To the extent permitted by law, the Governmental Lender will not at any time insist upon, plead, claim or take the benefit or advantage of, any appraisal, valuation, stay, extension or redemption law now or hereafter in force, in order to prevent or hinder the enforcement of this Funding Loan Agreement; and the Governmental Lender, for itself and all who may claim under it, so far as it or they now or hereafter may lawfully do so, hereby waives the benefit of all such laws. The Governmental Lender, for itself and all who may claim under it, waives, to the extent that it may lawfully do so, all right to have the property in the Security marshaled upon any enforcement hereof.

(b) If any law now in effect prohibiting the waiver referred to in Section 9.11(a) shall hereafter be repealed or cease to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the application of this Section 9.11.

**Section 9.12. Suits to Protect the Security.** The Funding Lender shall have power to institute and to maintain such proceedings as it may deem expedient to prevent any impairment of the Security by any acts that may be unlawful or in violation of this Funding Loan Agreement and to protect its interests in the Security and in the rents, issues, profits, revenues and other income arising therefrom, including power to institute and maintain proceedings to restrain the enforcement of or compliance with any Governmental enactment, rule or order that may be unconstitutional or otherwise invalid, if the enforcement of or compliance with such enactment, rule or order would impair the security hereunder or be prejudicial to the interests of the Funding Lender.

**Section 9.13. Remedies Subject to Applicable Law.** All rights, remedies and powers provided by this Article may be exercised only to the extent that the exercise thereof does not

violate any applicable provision of law in the premises, and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law which may be controlling in the premises and to be limited to the extent necessary so that they will not render this Funding Loan Agreement invalid, unenforceable or not entitled to be recorded, registered or filed under the provisions of any applicable law.

**Section 9.14. Assumption of Obligations.** In the event that the Funding Lender or its assignee or designee shall become the legal or beneficial owner of the Project by foreclosure or deed in lieu of foreclosure, such party shall succeed to the rights and the obligations of the Borrower under the Borrower Loan Agreement, the Borrower Notes, the Regulatory Agreement and any other Funding Loan Documents to which the Borrower is a party. Such assumption shall be effective from and after the effective date of such acquisition and shall be made with the benefit of the limitations of liability set forth therein and without any liability for the prior acts of the Borrower.

It is the intention of the parties hereto that upon the occurrence and continuance of an Event of Default hereunder, rights and remedies may be pursued pursuant to the terms of the Funding Loan Documents.

## **ARTICLE X AMENDMENT; AMENDMENT OF BORROWER LOAN AGREEMENT AND OTHER DOCUMENTS**

**Section 10.1. Amendment of Funding Loan Agreement.** Any of the terms of this Funding Loan Agreement and the Governmental Lender Notes may be amended or waived only by an instrument signed by the Funding Lender, the Governmental Lender and the Fiscal Agent, provided, however, no such amendment or waiver which materially affects the rights, duties, obligations or other interests of the Borrower shall be made without the consent of the Borrower, and, provided further, that if the Borrower is in default under any Funding Loan Document (beyond any applicable notice, grace or cure periods), no Borrower consent shall be required unless such amendment or waiver has a material adverse effect on the rights, duties, obligations or other interests of the Borrower. All of the terms of this Funding Loan Agreement shall be binding upon the successors and assigns of and all persons claiming under or through the Governmental Lender, the Fiscal Agent or any such successor or assign, and shall inure to the benefit of and be enforceable by the successors and assigns of the Funding Lender. The Fiscal Agent shall sign any amendment or waiver instrument authorized pursuant to this Article X, if the amendment or waiver, in the sole discretion of the Fiscal Agent, does not adversely affect the rights, duties, liabilities or immunities of the Fiscal Agent.

**Section 10.2. Amendments Require Funding Lender Consent.** Neither the Governmental Lender nor the Fiscal Agent shall consent to any amendment, change or modification of the Borrower Loan Agreement or any other Borrower Loan Document or Funding Loan Document without the prior Written Consent of the Funding Lender.

**Section 10.3. Consents and Opinions.** No amendment to this Funding Loan Agreement or any other Funding Loan Document entered into under this Article X or any amendment, change or modification otherwise permitted under this Article X shall become effective unless and until

(i) the Funding Lender shall have Approved in Writing the same in its sole discretion and (ii) the Funding Lender, Governmental Lender and the Fiscal Agent shall have received, at the expense of the Borrower, a Governmental Lender Counsel No Adverse Effect Opinion and an Opinion of Counsel to the effect that any such proposed amendment or waiver is authorized and complies with the provisions of this Funding Loan Agreement, including this Article X and is a legal, valid and binding obligation of the parties thereto, subject to normal exceptions relating to bankruptcy, insolvency and equitable principles limitations.

## **ARTICLE XI THE FISCAL AGENT**

**Section 11.1. Appointment of Fiscal Agent; Acceptance.** The Governmental Lender hereby appoints Wilmington Trust, National Association as Fiscal Agent hereunder. The Fiscal Agent shall signify its acceptance of the duties and obligations imposed upon it by this Funding Loan Agreement by executing this Funding Loan Agreement.

**Section 11.2. Certain Duties and Responsibilities of Fiscal Agent.**

(a) The Fiscal Agent undertakes to perform such duties and only such duties as are specifically set forth in this Funding Loan Agreement, and no implied covenants or obligations shall be read into this Funding Loan Agreement against the Fiscal Agent.

(b) If an Event of Default exists hereunder or under any Borrower Loan Document, the Fiscal Agent shall exercise such of the rights and powers vested in it by this Funding Loan Agreement, unless directed otherwise by the Funding Lender and subject to Section 11.2(c)(3) hereof, use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such prudent person's own affairs.

(c) The Fiscal Agent shall not be liable for any acts or omissions, except for such losses, damages or expenses which have been finally adjudicated by a court of competent jurisdiction to have directly resulted from the Fiscal Agent's gross negligence or willful misconduct; provided, however, no provision of this Funding Loan Agreement shall be construed to relieve the Fiscal Agent from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, in each case, as finally adjudicated by a court of competent jurisdiction, except that:

(1) This paragraph shall not be construed to limit the effect of paragraph (a) of this Section;

(2) The Fiscal Agent shall not be liable for any action taken, or error of judgment made in good faith, by any of its officers, employees or agents unless it shall be proved that the Fiscal Agent was grossly negligent in ascertaining the pertinent facts;

(3) The Fiscal Agent shall be entitled to request and receive, and shall not be liable with respect to any action taken or omitted to be taken by it in accordance with the direction of the Funding Lender relating to the time, method and place of conducting any proceeding for any remedy available to the Fiscal Agent, or exercising any trust or power conferred upon the Fiscal Agent under this Funding Loan Agreement; and



(4) No provision of this Funding Loan Agreement shall require the Fiscal Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it in its sole discretion.

Subject to its rights to indemnification pursuant to Section 11.4 hereof, the Fiscal Agent is directed to enter into the Borrower Loan Documents to which it is a party and other related documents, solely in its capacity as Fiscal Agent. The Fiscal Agent shall neither be responsible for, nor chargeable with, knowledge of the terms and conditions of any other agreement, instrument, or document other than the Funding Loan Documents to which it is a party, whether or not an original or a copy of such other agreement, instrument or document has been provided to the Fiscal Agent. The Fiscal Agent shall have no duty to know or inquire as to the performance or nonperformance of any provision of any other agreement, instrument, or document other than the Funding Loan Documents to which it is a party.

(d) Whether or not therein expressly so provided, every provision of this Funding Loan Agreement and the other Funding Loan Documents relating to the conduct or affecting the liability of or affording protection to the Fiscal Agent shall be subject to the provisions of this Section.

(e) The Fiscal Agent may, at the expense of Borrower, request and conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, and act upon certificates, reports or opinions furnished to the Fiscal Agent and conforming to the requirements of this Funding Loan Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Fiscal Agent, the Fiscal Agent shall be under a duty to examine the same to determine whether or not they conform on their face to the requirements of this Funding Loan Agreement.

(f) The permissive rights of the Fiscal Agent to do things enumerated in this Funding Loan Agreement shall not be construed as a duty.

(g) The rights of the Fiscal Agent and limitations of liability enumerated herein and in Section 11.4 shall extend to actions taken or omitted in its role as assignee of the Governmental Lender under the Borrower Loan Agreement and the other Funding Loan Documents.

(h) The Fiscal Agent shall not be responsible or liable for any failure or delay in the performance of its obligations under this Funding Loan Agreement arising out of or caused, directly or indirectly, by circumstances beyond its control, including without limitation, any act or provision of any present or future law or regulation or governmental authority; acts of God; earthquakes; fires; floods; wars; terrorism; civil or military disturbances; sabotage; epidemics; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications service; accidents; labor disputes; acts of civil or military authority or governmental actions; or the unavailability of the Federal Reserve Bank wire or telex or other wire or communication facility.

(i) In no event shall the Fiscal Agent be responsible or liable for special, indirect, punitive, incidental or consequential loss or damage of any kind whatsoever (including, but not

limited to, loss of profit) irrespective of whether the Fiscal Agent has been advised of the likelihood of such loss or damage and regardless of the form of action. The Fiscal Agent shall not be liable for any amount in excess of the value of the Security.

**Section 11.3. Notice of Defaults.** Upon the occurrence of any default hereunder or under any Borrower Loan Document and provided that a Responsible Officer of the Fiscal Agent has actual knowledge of or has received Written Notice of the existence of such default, promptly, and in any event within 15 days, the Fiscal Agent shall transmit to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender, in the manner and at the addresses for notices set forth in Section 12.1 hereof, notice of such default hereunder known to the Fiscal Agent pursuant to Section 11.4(g) hereof, unless such default shall have been cured or waived.

**Section 11.4. Certain Rights of Fiscal Agent.** Except as otherwise provided in Section 11.1 hereof:

(a) The Fiscal Agent may request at the expense of the Borrower, may conclusively rely on, and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties not only as to due execution, validity and effectiveness, but also as to the truth and accuracy of any information contained therein;

(b) Any request or direction of the Governmental Lender mentioned herein shall be sufficiently evidenced by a certificate or order executed by an Authorized Governmental Lender Representative;

(c) Whenever in the administration of this Funding Loan Agreement or any Borrower Loan Document the Fiscal Agent shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Fiscal Agent (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, at the expense of the Borrower, request and rely upon a Written Certificate of the Governmental Lender, the Funding Lender, the Servicer or the Borrower, as appropriate, and shall incur no liability and shall be fully protected in acting or refraining from acting in accordance with such certificates;

(d) The Fiscal Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Funding Loan Agreement or any Borrower Loan Document at the request or direction of the Funding Lender, pursuant to this Funding Loan Agreement, unless the Funding Lender shall have offered to the Fiscal Agent in writing security or indemnity reasonably satisfactory to the Fiscal Agent against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction, except costs, expenses and liabilities which are adjudicated to have resulted from its own gross negligence or willful misconduct;

(e) The Fiscal Agent shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, debenture, coupon or other paper or document but the Fiscal Agent, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Fiscal Agent shall determine to make such further inquiry or

investigation, it shall be entitled to examine the books and records of the Governmental Lender, if any, and of the Borrower, in either case personally or by agent or attorney after reasonable notice and during normal business hours;

(f) The Fiscal Agent may execute any of its powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and pay reasonable compensation thereto and the Fiscal Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder. The Fiscal Agent may act upon the advice of counsel or other professionals of its choice concerning all matters hereof and the Fiscal Agent shall not be responsible for any loss or damage resulting from any action or inaction taken in good faith reliance upon said advice; and

(g) The Fiscal Agent shall not be required to take notice or be deemed to have notice of any default hereunder or under any Borrower Loan Document except for failure by the Borrower to make payments of principal, interest, premium, if any, or Governmental Lender Fee when due, unless a Responsible Officer of the Fiscal Agent shall be specifically notified by a Written Notice of such default by the Governmental Lender, the Servicer or the Funding Lender, and all notices or other instruments required by this Funding Loan Agreement or under any Borrower Loan Document to be delivered to the Fiscal Agent, must, in order to be effective, be delivered in writing to a Responsible Officer of the Fiscal Agent at the Corporate Trust Office of the Fiscal Agent, and in the absence of such Written Notice so delivered the Fiscal Agent may conclusively assume there is no default as aforesaid.

(h) Notwithstanding anything to the contrary contained herein, the Borrower shall defend, release, indemnify and hold harmless the Fiscal Agent and its directors, officers, employees and agents from any and against all liabilities, losses, actions, suits or proceedings at law or in equity, and any other expenses, fees or charges of any character or nature (including, without limitation, reasonable attorney's fees and expenses and the reasonable costs of enforcement of this Funding Loan Agreement or any provision thereof), which such parties may incur or be threatened by reason of acting as or on behalf of the Fiscal Agent under this Funding Loan Agreement, except to the extent the same shall have been finally adjudicated by a court of competent jurisdiction to have been directly caused by the Fiscal Agent's gross negligence or willful misconduct. The indemnity contained in this paragraph shall not apply to any consequential, indirect or punitive damages. The terms of this indemnity shall survive the termination of this Funding Loan Agreement or the earlier resignation or removal of the Fiscal Agent.

**Section 11.5. Not Responsible for Recitals.** The recitals contained herein and in the Governmental Lender Notes shall be taken as the statements of the Governmental Lender, and the Fiscal Agent assumes no responsibility for their correctness. The Fiscal Agent makes no representations as to the value or condition of the Pledged Revenues, the Security or any part thereof, or as to the title of the Governmental Lender thereto or as to the security afforded thereby or hereby, or as to the validity or sufficiency of this Funding Loan Agreement or of the Governmental Lender Notes.

The Fiscal Agent shall have no responsibility or liability with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the funding of the Governmental Lender Notes.

The Fiscal Agent shall not be required to monitor the performance or financial condition of the Borrower or the physical condition of the Project. The Fiscal Agent shall not have any liability in connection with the malfeasance or nonfeasance by any party other than itself. The Fiscal Agent may assume performance by all such Persons of their respective obligations. The Fiscal Agent shall have no enforcement or notification obligations relating to breaches of representations or warranties of any other Person. Unless otherwise expressly provided, the Fiscal Agent shall be under no obligation to analyze, review or make any credit decisions with respect to any financial statements, reports, notices, certificates or documents received hereunder but shall hold such financial statements reports, notices, certificates and documents solely for the benefit of, and review by, the Funding Lender and such other parties to whom the Fiscal Agent may provide such information pursuant to this Funding Loan Agreement.

The Fiscal Agent makes no representations as to and shall have no responsibility for the sufficiency of the insurance required under any of the Borrower Loan Documents.

**Section 11.6. May Hold Governmental Lender Notes.** The Fiscal Agent in its individual or any other capacity may become the owner or pledgee of the Governmental Lender Notes and may otherwise deal with the Governmental Lender, the Funding Lender and the Borrower with the same rights it would have if it were not Fiscal Agent.

**Section 11.7. Moneys Held in Trust.** Moneys held by the Fiscal Agent in trust hereunder need not be segregated from other funds except to the extent required by law. The Fiscal Agent shall be under no liability for interest on any moneys received by it hereunder except as otherwise provided herein.

**Section 11.8. Compensation and Reimbursement.** Under the Borrower Loan Agreement, the Borrower has agreed to, except as otherwise expressly provided herein, reimburse the Fiscal Agent as provided in this Funding Loan Agreement or the Borrower Loan Agreement, upon its request for all reasonable expenses, disbursements and advances incurred or made by the Fiscal Agent in accordance with any provision of this Funding Loan Agreement (including the reasonable fees, expenses and disbursements of its agents and counsel), except any such expense, disbursement or advance as may be attributable to the Fiscal Agent's gross negligence or willful misconduct, both as finally adjudicated by a court of competent jurisdiction.

When the Fiscal Agent incurs expenses or renders service in connection with any bankruptcy or insolvency proceeding, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute expenses of administration under any bankruptcy law or law relating to creditors rights generally.

(a) The Governmental Lender has no obligation to pay the Fiscal Agent for services rendered.

(b) As security for the performance of the obligations of the Borrower under this Section and for the payment of such compensation, expenses, reimbursements and indemnity, the Fiscal Agent shall have the right to use and apply any moneys held by it as Pledged Revenues.

(c) The Fiscal Agent's rights to compensation and reimbursement shall survive its resignation or removal, the payment of the Governmental Lender Notes or the Borrower Loan or the release of this Funding Loan Agreement.

**Section 11.9. Fiscal Agent Required; Eligibility.** Any successor Fiscal Agent shall at all times be a trust company, a state banking corporation or a national banking association with the authority to accept trusts in the State approved in writing by the Governmental Lender and either (a) have a combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, (b) be a wholly owned subsidiary of a bank holding company, or a wholly owned subsidiary of a company that is a wholly owned subsidiary of a bank holding company, having a combined capital surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition, have at least \$500,000,000 of trust assets under management and have a combined capital surplus of at least \$2,000,000 as set forth in its most recent published annual report of condition, or (c) be otherwise acceptable to the Funding Lender and the Governmental Lender in their sole and absolute discretion.

**Section 11.10. Resignation and Removal; Appointment of Successor.**

(a) No resignation or removal of the Fiscal Agent hereunder and no appointment of a successor Fiscal Agent pursuant to this Article shall become effective until the written acceptance by the successor Fiscal Agent of such appointment.

(b) The Fiscal Agent may resign at any time by giving 30 days' Written Notice thereof to the Governmental Lender, the Borrower, the Servicer, if any, and the Funding Lender. If an instrument of acceptance by a successor Fiscal Agent shall not have been delivered to the Fiscal Agent within 45 days after the giving of such notice of resignation, the resigning Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(c) The Fiscal Agent may be removed at any time with 30 days' notice by (i) the Governmental Lender, with the Written Consent of the Funding Lender, (ii) the Borrower (unless the Borrower is in default under any of the Borrower Loan Documents), with the Written Consent of the Funding Lender and the Governmental Lender, or (iii) the Funding Lender by Written Notice delivered to the Fiscal Agent, the Governmental Lender and the Borrower.

(d) If the Fiscal Agent shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the Office of the Fiscal Agent for any cause, the Governmental Lender shall promptly appoint a successor Fiscal Agent, with the consent of the Funding Lender. In case all or substantially all of the Pledged Revenues and Security shall be in the possession of a receiver or trustee lawfully appointed, such receiver or trustee may similarly appoint a successor to fill such vacancy until a new Fiscal Agent shall be so appointed by the Governmental Lender. If, within 60 days after such resignation, removal or incapability or the occurrence of such vacancy, the Governmental Lender has failed to so appoint a successor Fiscal Agent, then a successor Fiscal Agent shall be appointed by the Funding Lender (from any of the institutions approved by the

Governmental Lender to serve as a fiscal agent or trustee) with Written Notice thereof delivered to the Governmental Lender, the Borrower, the Servicer, if any, and the retiring Fiscal Agent, and the successor Fiscal Agent so appointed shall, forthwith upon its acceptance of such appointment, become the successor Fiscal Agent and supersede the successor Fiscal Agent appointed by such receiver or Fiscal Agent. If no successor Fiscal Agent shall have been appointed by the Governmental Lender or the Funding Lender and accepted appointment in the manner hereinafter provided, the Fiscal Agent may petition any court of competent jurisdiction for the appointment of a successor Fiscal Agent.

(e) The retiring Fiscal Agent shall cause Written Notice of each resignation and each removal of the Fiscal Agent and each appointment of a successor Fiscal Agent to be provided to the Funding Lender. Each notice shall include the name of the successor Fiscal Agent and the address of the office of the successor Fiscal Agent.

**Section 11.11. Acceptance of Appointment by Successor.**

(a) Every successor Fiscal Agent appointed hereunder shall execute, acknowledge and deliver to the Governmental Lender and to the retiring Fiscal Agent an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Fiscal Agent shall become effective and such successor Fiscal Agent, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, trusts and duties of the retiring Fiscal Agent; notwithstanding the foregoing, on request of the Governmental Lender or the successor Fiscal Agent, such retiring Fiscal Agent shall, upon payment of its charges, execute and deliver an instrument conveying and transferring to such successor Fiscal Agent upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the retiring Fiscal Agent, and shall duly assign, transfer and deliver to such successor Fiscal Agent all property and money held by such retiring Fiscal Agent hereunder. Upon request of any such successor Fiscal Agent, the Governmental Lender shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Fiscal Agent all such estates, properties, rights, powers and trusts.

(b) No successor Fiscal Agent shall accept its appointment unless at the time of such acceptance such successor Fiscal Agent shall be qualified and eligible under this Article, to the extent operative.

**Section 11.12. Merger, Conversion, Consolidation or Succession to Business.** Any corporation or association into which the Fiscal Agent may be converted or merged or with which it may be consolidated, or any corporation or association resulting from any merger, conversion or consolidation to which the Fiscal Agent shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Fiscal Agent, shall be the successor of the Fiscal Agent hereunder, provided such corporation or association shall be otherwise qualified and eligible under this Article, to the extent operative, without the execution or filing of any paper or any further act on the part of any of the parties hereto. Notwithstanding the foregoing, any such successor Fiscal Agent shall cause Written Notice of such succession to be delivered to the Governmental Lender and Funding Lender within 30 days of such succession.

**Section 11.13. Appointment of Co-Fiscal Agent.** It is the purpose of this Funding Loan Agreement that there shall be no violation of any laws of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Fiscal Agent in such jurisdiction. It is recognized that in case of litigation under this Funding Loan Agreement, the Borrower Loan Agreement, any other Borrower Loan Document or the Regulatory Agreement, and in particular in case of the enforcement of any of them on default, or in case the Fiscal Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights or remedies herein granted to the Fiscal Agent or hold title to the properties, in trust, as herein provided, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Fiscal Agent appoint an additional individual or institution as a separate or co-fiscal agent. The following provisions of this Section are adopted to these ends.

The Fiscal Agent is hereby authorized to appoint an additional individual or institution as a separate or co-fiscal agent hereunder, upon Written Notice to the Governmental Lender, the Funding Lender and the Borrower, and with the consent of the Governmental Lender and the Funding Lender, but without the necessity of further authorization or consent, in which event each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended by this Funding Loan Agreement, any Borrower Loan Document, the Regulatory Agreement or the Borrower Loan Agreement to be exercised by or vested in or conveyed to the Fiscal Agent with respect thereto shall be exercisable by and vest in such separate or co-fiscal agent but only to the extent necessary to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-fiscal agent shall run to and be enforceable by either of them.

Should any instrument in writing from the Governmental Lender be required by the separate fiscal agent or co-fiscal agent appointed by the Fiscal Agent for more fully and certainly vesting in and confirming to him or it such properties, rights, powers, trusts, duties and obligations, any and all such instruments in writing shall, on request of the Fiscal Agent, be executed, acknowledged and delivered by the Governmental Lender. In case any separate fiscal agent or co-fiscal agent, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate fiscal agent or co-fiscal agent, so far as permitted by law, shall vest in and be exercised by the Fiscal Agent until the appointment of a successor to such separate fiscal agent or co-fiscal agent.

The Fiscal Agent will not be responsible for the negligence or misconduct of a separate fiscal agent or co-fiscal agent, and no separate fiscal agent or co-fiscal agent shall be responsible for the negligence or misconduct of the Fiscal Agent.

**Section 11.14. Loan Servicing.** The Governmental Lender and the Fiscal Agent acknowledge that the Funding Lender shall have the right to appoint a Servicer to service and administer the Borrower Loan as set forth in a Servicing Agreement. The Governmental Lender and the Fiscal Agent shall not be responsible for monitoring the performance of any Servicer or for any acts or omissions of such Servicer. The Funding Lender may, in its sole discretion, terminate or replace the Servicer.

**Section 11.15. No Recourse Against Officers or Employees of Fiscal Agent.** No recourse with respect to any claim related to any obligation, duty or agreement contained in this Funding Loan Agreement or any other Funding Loan Document shall be had against any officer or employee, as such, of the Fiscal Agent, it being expressly understood that the obligations, duties and agreements of the Fiscal Agent contained in this Funding Loan Agreement and the other Funding Loan Documents are solely corporate in nature.

## **ARTICLE XII MISCELLANEOUS**

**Section 12.1. Notices.** All notices, demands, requests and other communications required or permitted to be given by any provision of this Funding Loan Agreement shall be in writing and sent by first class, regular, registered or certified mail, commercial delivery service, overnight courier, telegraph, telex, telecopier or facsimile transmission, air or other courier, or hand delivery to the party to be notified addressed as follows:

If to the Borrower:

Libertad Austin at Gardner, LP  
c/o Vecino Bond Group  
305 W. Commercial Street  
Springfield, Missouri 65803  
Attention: Rick Manzardo  
Phone: (417) 720-1577

With a copy to:

The Banks Law Firm  
2929 Allen Parkway, Suite 200  
Houston, Texas 77019  
Attention: Antoinette M. Jackson  
Phone: (832) 954-2534

If to the Governmental  
Lender:

Austin Housing Finance Corporation  
1000 East 11<sup>th</sup> St.  
Austin, Texas 78702  
Attention: Program Manager  
Phone: (512) 974-3192

With a copy to:

Greenberg Traurig, LLP  
2101 L Street N.W., Suite 1000  
Washington, D.C. 20037  
Attention: Bill Gehrig  
Phone: (202) 331-3170



If to the Funding Lender: CITIBANK, N.A.  
388 Greenwich Street, Trading 4<sup>th</sup> Floor  
New York, New York 10013  
Attention: Transaction and Asset Management Group  
Re: Libertad Austin at Gardner  
Deal ID No. \_\_\_\_\_  
Facsimile: (212) 723-8209

With a copy to: Citibank, N.A.  
325 East Hillcrest Drive, Suite 160  
Thousand Oaks, California 91360  
Attention: Operations Manager/Asset Manager  
Re: Libertad Austin  
Deal ID No. \_\_\_\_\_  
Facsimile: (805) 557 0924

With a copy to: Sidley Austin  
787 Seventh Avenue  
New York, New York 10019  
Attention: Aviva Yakren  
Phone: (212) 839-5682

Prior to the Conversion Date,  
with a copy to: CITIBANK, N.A.  
388 Greenwich Street, Trading 4<sup>th</sup> Floor  
New York, New York 10013  
Attention: Account Specialist  
Re: Libertad Austin at Gardner  
Deal ID No. \_\_\_\_\_  
Facsimile: (212) 723-8209

Following the Conversion  
Date, with a copy to: Citibank, N.A.  
c/o Berkadia Commercial Servicing Department  
323 Norristown Road, Suite 300  
Ambler, Pennsylvania 19002  
Attention: Client Relations Manager  
Re: Libertad Austin at Gardner  
Deal ID No. \_\_\_\_\_  
Facsimile: (215) 328-0305

And a copy of any notices of  
default sent to: CITIBANK, N.A.  
388 Greenwich Street, 17<sup>th</sup> Floor  
New York, New York 10013  
Attention: General Counsel's Office  
Re: Libertad Austin at Gardner  
Deal ID No. \_\_\_\_\_  
Facsimile: (646) 291-5754

If to the Fiscal Agent: Wilmington Trust, National Association  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248  
Attention: Dayna Smith  
Facsimile: (888) 316-6238

If to the Equity Investor: BF Libertad Austin, LLC  
BFIM Special Limited Partner, Inc.  
c/o Boston Financial Investment Management, LP  
101 Arch Street, 13th Floor  
Boston, MA 02110  
Attn: Asset Management – Libertad Austin at Gardner  
Apartments  
Tel.: (800) 829-9213  
Fax: (617) 439-4805

With a copy to: Holland & Knight LLP  
10 St. James Avenue, 12th Floor  
Boston, MA 02116  
Attn: Dayna M. Hutchins, Esq.  
Tel.: (617) 619-9262  
Fax: (617) 878-1546

Any such notice, demand, request or communication shall be deemed to have been given and received for all purposes under this Funding Loan Agreement: (i) three Business Days after the same is deposited in any official depository or receptacle of the United States Postal Service first class, or, if applicable, certified mail, return receipt requested, postage prepaid; (ii) on the date of transmission when delivered by telecopier or facsimile transmission, telex, telegraph or other telecommunication device, provided any telecopy or other electronic transmission received by any party after 4:00 p.m., local time, as evidenced by the time shown on such transmission, shall be deemed to have been received the following Business Day; (iii) on the next Business Day after the same is deposited with a nationally recognized overnight delivery service that guarantees overnight delivery; and (iv) on the date of actual delivery to such party by any other means; provided, however, if the day such notice, demand, request or communication shall be deemed to have been given and received as aforesaid is not a Business Day, such notice, demand, request or communication shall be deemed to have been given and received on the next Business Day. Any facsimile signature by a Person on a document, notice, demand, request or communication required or permitted by this Funding Loan Agreement shall constitute a legal, valid and binding execution thereof by such Person.

Any party to this Funding Loan Agreement may change such party's address for the purpose of notice, demands, requests and communications required or permitted under this Funding Loan Agreement by providing Written Notice of such change of address to all of the parties by Written Notice as provided herein.

**Section 12.2. Term of Funding Loan Agreement.** This Funding Loan Agreement shall be in full force and effect until all payment obligations of the Governmental Lender hereunder have been paid in full and the Governmental Lender Notes have been retired or the payment thereof has been provided for; except that on and after payment in full of the Governmental Lender Notes, this Funding Loan Agreement shall be terminated, without further action by the parties hereto.

**Section 12.3. Successors and Assigns.** All covenants and agreements in this Funding Loan Agreement by the Governmental Lender shall bind its successors and assigns, whether so expressed or not.

**Section 12.4. Legal Holidays.** In any case in which the date of payment of any amount due hereunder or the date on which any other act is to be performed pursuant to this Funding Loan Agreement shall be a day that is not a Business Day, then payment of such amount or such act need not be made on such date but may be made on the next succeeding Business Day, and such later payment or such act shall have the same force and effect as if made on the date of payment or the date fixed for prepayment or the date fixed for such act, and no additional interest shall accrue for the period after such date and prior to the date of payment.

**Section 12.5. Governing Law.** This Funding Loan Agreement shall be governed by and shall be enforceable in accordance with the laws of the State, without giving effect to the choice of law principles of the State that would require the application of the laws of a jurisdiction other than that of the State. The Fiscal Agent's rights, duties, power and obligations hereunder are governed entirely by the terms and provisions of this Funding Loan Agreement and the Regulatory Agreement. The parties hereby (i) irrevocably submit to the exclusive jurisdiction of any federal or state court sitting in the state of Texas, (ii) waive any objection to laying of venue in any such action or proceeding in such courts, and (iii) waive any objection that such courts are an inconvenient forum or do not have jurisdiction over any party.

**Section 12.6. Severability.** If any provision of this Funding Loan Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining portions shall not in any way be affected or impaired. In case any covenant, stipulation, obligation or agreement contained in the Governmental Lender Notes or in this Funding Loan Agreement shall for any reason be held to be usurious or in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Governmental Lender or the Funding Lender only to the full extent permitted by law.

**Section 12.7. Execution in Several Counterparts.** This Funding Loan Agreement may be contemporaneously executed in several counterparts, all of which shall constitute one and the same instrument and each of which shall be, and shall be deemed to be, an original. The exchange of copies of this Funding Loan Agreement and of signature pages by facsimile or PDF transmission shall constitute effective execution and delivery of this instrument to the parties hereto and may be used in lieu of the original instrument for all purposes. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

**Section 12.8. Nonrecourse Obligation of the Borrower.** Except as otherwise provided in the Borrower Loan Agreement, any obligations of the Borrower under this Funding Loan Agreement are without recourse to the Borrower or to the Borrower's partners or members, as the

case may be, and the provisions of Section 11.1 of the Borrower Loan Agreement are by this reference incorporated herein.

**Section 12.9. Waiver of Trial by Jury.** TO THE MAXIMUM EXTENT PERMITTED UNDER APPLICABLE LAW, EACH OF BORROWER AND THE BENEFICIARY PARTIES (A) COVENANTS AND AGREES NOT TO ELECT A TRIAL BY JURY WITH RESPECT TO ANY ISSUE ARISING OUT OF THIS FUNDING LOAN AGREEMENT OR THE RELATIONSHIP BETWEEN THE PARTIES THAT IS TRIABLE OF RIGHT BY A JURY AND (B) WAIVES ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO SUCH ISSUE TO THE EXTENT THAT ANY SUCH RIGHT EXISTS NOW OR IN THE FUTURE. THIS WAIVER OF RIGHT TO TRIAL BY JURY IS SEPARATELY GIVEN BY EACH PARTY, KNOWINGLY AND VOLUNTARILY WITH THE BENEFIT OF COMPETENT LEGAL COUNSEL.

**Section 12.10. Electronic Transactions.** The transactions described in this Funding Loan Agreement may be conducted and related documents and may be stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original executed documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12.11. Dispute Resolution** . If any conflict, disagreement or dispute arises between, among, or involving any of the parties hereto concerning the meaning or validity of any provision hereunder or concerning any other matter relating to this Funding Loan Agreement, or the Fiscal Agent is in doubt as to the action to be taken hereunder, the Fiscal Agent may, at its option, after sending written notice of the same to the parties hereto, refuse to act until such time as it (a) receives a final non-appealable order of a court of competent jurisdiction resolving such conflict, disagreement or dispute or (b) receives a written instruction, executed by each of the parties involved in such disagreement or dispute, in a form reasonably acceptable to the Fiscal Agent, which instruction resolves such conflict, disagreement or dispute. The Fiscal Agent will be entitled to act on any such written instruction or final, non-appealable order of a court of competent jurisdiction without further question, inquiry or consent. The Fiscal Agent may file an interpleader action in a state or federal court, and upon the filing thereof, the Fiscal Agent will be relieved of all liability as to the assets deposited with the court and will be entitled to recover reasonable and documented out-of-pocket attorneys' fees, expenses and other costs incurred in commencing and maintaining any such interpleader action.

IN WITNESS WHEREOF, the Funding Lender, the Fiscal Agent and the Governmental Lender have caused this Funding Loan Agreement to be duly executed as of the date first written above.

**CITIBANK, N.A.**, as Funding Lender

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION,**  
as Fiscal Agent

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AUSTIN HOUSING FINANCE  
CORPORATION,** as Governmental Lender

By: \_\_\_\_\_  
Name: Rosie Truelove  
Title: Treasurer

## EXHIBIT A-1

### FORM OF SERIES A-1 GOVERNMENTAL LENDER NOTE

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**AUSTIN HOUSING FINANCE CORPORATION  
MULTIFAMILY MORTGAGE REVENUE NOTE  
(LIBERTAD AUSTIN AT GARDNER) SERIES 2023A-1**

**DATED \_\_\_\_\_, 2023**

\$ \_\_\_\_\_

No. \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned AUSTIN HOUSING FINANCE CORPORATION, a Texas public nonprofit corporation ("Obligor" or "Governmental Lender"), promises to pay to the order of CITIBANK, N.A., as the registered owner hereof or its registered assigns ("Holder"), the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), on [September 1, 2056] (the "Maturity Date"), or earlier as provided herein, together with interest thereon at the rates, at the times and in the amounts provided below, but solely from the Security pledged therefor, including Pledged Revenues available for such purpose.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of \_\_\_\_\_, 2023 (the "Funding Loan Agreement"), among Obligor, WILMINGTON TRUST, NATIONAL ASSOCIATION, as fiscal agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on this Governmental Lender Note is payable, interest on the unpaid balance hereof in an amount in immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The principal of, premium, if any, and interest on this Governmental Lender Note is payable at the designated corporate trust office of the Fiscal Agent. Payment of all amounts hereunder shall be in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

This Governmental Lender Note is a pass-through obligation relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of this Governmental Lender Note to Libertad Austin at Gardner, LP, a Texas limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of \_\_\_\_\_, 2023 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower, evidenced by the Borrower Notes (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Series A-1 Borrower Note for complete payment and prepayment terms of the Series A-1 Borrower Note, payments on which are passed-through under this Governmental Lender Note. An estimated amortization schedule for this Governmental Lender Note and the Series A-1 Borrower Note is attached hereto as Schedule 1.

**THIS GOVERNMENTAL LENDER NOTE IS ISSUED UNDER THE PROVISIONS OF THE TEXAS HOUSING FINANCE CORPORATIONS ACT, CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED (THE "ACT"). THIS GOVERNMENTAL LENDER NOTE IS NOT A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER BUT IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE MONEYS AND PROPERTIES PLEDGED FOR PAYMENT THEREOF.**

This Governmental Lender Note is a special limited obligation of the Obligor, payable solely from the Pledged Revenues and the other funds and moneys and security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Governmental Lender Note or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

Notwithstanding any other provision of the Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THIS GOVERNMENTAL LENDER NOTE SOLELY OUT OF THE SECURITY, INCLUDING PLEDGED REVENUES. THIS GOVERNMENTAL LENDER NOTE SHALL BE A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE SECURITY, INCLUDING PLEDGED REVENUES. THIS GOVERNMENTAL LENDER NOTE SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS THEREOF AGAINST THE SECURITY, WHICH IS PLEDGED TO SECURE THE**

**PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS GOVERNMENTAL LENDER NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THIS GOVERNMENTAL LENDER NOTE DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF TEXAS (THE "STATE"), TRAVIS COUNTY, TEXAS (THE "COUNTY") OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THIS GOVERNMENTAL LENDER NOTE DOES NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE COUNTY OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THIS GOVERNMENTAL LENDER NOTE. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.**

**NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS NOTE AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE.**

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.



This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

Neither the directors, officers, agents or employees of the Governmental Lender nor any person executing the Governmental Lender Note shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance of the Governmental Lender Note, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Funding Loan Agreement and the issuance of the Governmental Lender Note.

This Governmental Lender Note shall not be entitled to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Governmental Lender Note is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Governmental Lender Note to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Governmental Lender or to have happened precedent to or in the execution and delivery of the Funding Loan Agreement have been done and performed and have happened in regular and due form as required by law.

[Signature page follows.]

DRAFT

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note or caused this Governmental Lender Note to be duly executed and delivered by its authorized representative as of the date first set forth above.

**AUSTIN HOUSING FINANCE  
CORPORATION** , as Governmental Lender

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

ATTEST:

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

## **CERTIFICATE OF AUTHENTICATION**

This Governmental Lender Note is issued under the provisions of and described in the within mentioned Funding Loan Agreement.

Date of Authentication: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION,**  
as Fiscal Agent

By: \_\_\_\_\_  
Authorized Signer

## ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_  
the within Governmental Lender Note and irrevocably constitutes and appoints \_\_\_\_\_  
attorney to transfer that Governmental Lender Note on the books kept for registration thereof, with  
full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

Signature Guaranteed:

\_\_\_\_\_

NOTICE: The assignor's signature to this assignment must correspond with the name as it  
appears upon the face of the within Governmental Lender Note in every particular,  
without alteration or any change whatever.

## SCHEDULE 1

### GOVERNMENTAL LENDER NOTE AMORTIZATION SCHEDULE

Prior to the Conversion Date, Borrower shall make monthly payments of accrued and unpaid interest at the Fixed Rate identified on Schedule A of the Series A-1 Borrower Note and, commencing on the First Payment Date following the Conversion Date, monthly principal and interest payments consisting of accrued and unpaid interest at the Fixed Rate identified on Schedule A of the Series A-1 Borrower Note and principal in an amount equal to the Borrower Loan principal payable that month. Any remaining principal and interest, if not sooner paid, shall be due and payable on the Maturity Date. The amortization schedule that follows is subject to adjustment at the time of Conversion based on the final Conversion Date, the Earn-Out (as defined in the Construction Funding Agreement) and the final Permanent Period Amount (as defined in the Construction Funding Agreement).

[See Attached Amortization Schedule]

**EXHIBIT A-2**

**FORM OF SERIES A-2 GOVERNMENTAL LENDER NOTE**

THIS GOVERNMENTAL LENDER NOTE MAY BE OWNED ONLY BY AN APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT, AND THE HOLDER HEREOF, BY THE ACCEPTANCE OF THIS GOVERNMENTAL LENDER NOTE (A) REPRESENTS THAT IT IS AN APPROVED TRANSFEREE AND (B) ACKNOWLEDGES THAT IT CAN ONLY TRANSFER THIS GOVERNMENTAL LENDER NOTE OR ANY INTEREST HEREIN TO ANOTHER APPROVED TRANSFEREE IN ACCORDANCE WITH THE TERMS OF THE FUNDING LOAN AGREEMENT.

**AUSTIN HOUSING FINANCE CORPORATION  
MULTIFAMILY MORTGAGE REVENUE NOTE  
(LIBERTAD AUSTIN AT GARDNER) SERIES 2023A-2**

**DATED \_\_\_\_\_, 2023**

\$ \_\_\_\_\_

No. \_\_\_\_\_

FOR VALUE RECEIVED, the undersigned AUSTIN HOUSING FINANCE CORPORATION, a Texas public nonprofit corporation ("Obligor" or "Governmental Lender"), promises to pay to the order of CITIBANK, N.A., as the registered owner hereof or its registered assigns ("Holder"), the principal sum of \_\_\_\_\_ Dollars (\$\_\_\_\_\_), on [September 1, 2056] (the "Maturity Date"), or as otherwise provided herein or in the Series A-2 Borrower Note, together with interest thereon at the rates, at the times and in the amounts provided below, but solely from the Security pledged therefor, including Pledged Revenues available for such purpose.

Obligor shall pay to the Holder on or before each date on which payment is due under that certain Funding Loan Agreement, dated as of \_\_\_\_\_, 2023 (the "Funding Loan Agreement"), among Obligor, WILMINGTON TRUST, NATIONAL ASSOCIATION, as fiscal agent (the "Fiscal Agent"), and Holder, an amount in immediately available funds sufficient to pay the principal amount of and Prepayment Premium, if any, on this Governmental Lender Note then due and payable, whether by maturity, acceleration, prepayment or otherwise. In the event that amounts held derived from proceeds of the Borrower Loan, condemnation awards or insurance proceeds or investment earnings thereon are applied to the payment of principal due on this Governmental Lender Note in accordance with the Funding Loan Agreement, the principal amount due hereunder shall be reduced to the extent of the principal amount of this Governmental Lender Note so paid. Capitalized terms not otherwise defined herein shall have the meaning assigned in the Funding Loan Agreement.

Obligor shall pay to the Holder on or before each date on which interest on this Governmental Lender Note is payable, interest on the unpaid balance hereof in an amount in

immediately available funds sufficient to pay the interest on this Governmental Lender Note then due and payable in the amounts and at the rate or rates set forth in the Funding Loan Agreement.

The principal of, premium, if any, and interest on this Governmental Lender Note is payable at the designated corporate trust office of the Fiscal Agent. Payment of all amounts hereunder shall be in any coin or currency of the United States of America as, at the respective times of payment, shall be legal tender for the payment of public and private debts.

This Governmental Lender Note is a pass-through obligation relating to a construction and permanent loan (the "Borrower Loan") made by Obligor from proceeds of this Governmental Lender Note to Libertad Austin at Gardner, LP, a Texas limited partnership, as borrower (the "Borrower"), under that certain Borrower Loan Agreement, dated as of \_\_\_\_\_, 2023 (as the same may be modified, amended or supplemented from time to time, the "Borrower Loan Agreement"), between the Obligor and the Borrower, evidenced by the Borrower Notes (as defined in the Borrower Loan Agreement). Reference is made to the Borrower Loan Agreement and to the Series A-2 Borrower Note for complete payment and prepayment terms of the Series A-2 Borrower Note, payments on which are passed-through under this Governmental Lender Note.

**THIS GOVERNMENTAL LENDER NOTE IS ISSUED UNDER THE PROVISIONS OF THE TEXAS HOUSING FINANCE CORPORATIONS ACT, CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED (THE "ACT"). THIS GOVERNMENTAL LENDER NOTE IS NOT A GENERAL OBLIGATION OF THE GOVERNMENTAL LENDER BUT IS A SPECIAL LIMITED OBLIGATION PAYABLE SOLELY FROM THE MONEYS AND PROPERTIES PLEDGED FOR PAYMENT THEREOF.**

This Governmental Lender Note is a special limited obligation of the Obligor, payable solely from the Pledged Revenues and the other funds and moneys and security pledged and assigned under the Funding Loan Agreement. None of the Governmental Lender, the State, or any political subdivision thereof (except the Governmental Lender, to the limited extent set forth herein) nor any public agency shall in any event be liable for the payment of the principal of, premium (if any) or interest on this Governmental Lender Note or for the performance of any pledge, obligation or agreement of any kind whatsoever with respect thereto except as set forth herein and in the Funding Loan Agreement, and none of the Funding Loan or the Governmental Lender Note or any of the Governmental Lender's agreements or obligations with respect to the Funding Loan or this Governmental Lender Note shall be construed to constitute an indebtedness of or a pledge of the faith and credit of or a loan of the credit of or a moral obligation of any of the foregoing within the meaning of any constitutional or statutory provision whatsoever.

Notwithstanding any other provision of the Funding Loan Agreement to the contrary, **THE GOVERNMENTAL LENDER SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON, THE GOVERNMENTAL LENDER NOTE SOLELY OUT OF THE SECURITY, INCLUDING PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTE SHALL BE A SPECIAL LIMITED OBLIGATION OF THE GOVERNMENTAL LENDER PAYABLE SOLELY FROM THE SECURITY, INCLUDING PLEDGED REVENUES. THE GOVERNMENTAL LENDER NOTE SHALL CONSTITUTE A VALID CLAIM OF THE RESPECTIVE NOTEOWNERS**



**THEREOF AGAINST THE SECURITY, WHICH IS PLEDGED TO SECURE THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTE AND WHICH SHALL BE UTILIZED FOR NO OTHER PURPOSE, EXCEPT AS EXPRESSLY AUTHORIZED IN THE FUNDING LOAN AGREEMENT. THE GOVERNMENTAL LENDER NOTE DOES NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF TEXAS (THE "STATE"), TRAVIS COUNTY, TEXAS (THE "COUNTY") OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE GOVERNMENTAL LENDER NOTE DOES NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE COUNTY OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE GOVERNMENTAL LENDER NOTE. THE GOVERNMENTAL LENDER HAS NO TAXING POWER.**

**NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR PREMIUM OR INTEREST ON THIS NOTE AGAINST ANY PAST, PRESENT OR FUTURE OFFICER, DIRECTOR, EMPLOYEE OR AGENT OF THE GOVERNMENTAL LENDER, OR OF ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, AS SUCH, EITHER DIRECTLY OR THROUGH THE GOVERNMENTAL LENDER OR ANY SUCCESSOR TO THE GOVERNMENTAL LENDER, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION OR BY THE ENFORCEMENT OF ANY ASSESSMENT OR PENALTY OR OTHERWISE, AND ALL SUCH LIABILITY OF ANY SUCH OFFICERS, DIRECTORS, EMPLOYEES OR AGENTS, AS SUCH, IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THIS GOVERNMENTAL LENDER NOTE.**

All capitalized terms used but not defined herein shall have the meanings ascribed to them in the Funding Loan Agreement or in the Borrower Loan Agreement.

This Governmental Lender Note is subject to the express condition that at no time shall interest be payable on this Governmental Lender Note or the Funding Loan at a rate in excess of the Maximum Rate; and Obligor shall not be obligated or required to pay, nor shall the Holder be permitted to charge or collect, interest at a rate in excess of such Maximum Rate. If by the terms of this Governmental Lender Note or of the Funding Loan Agreement, Obligor is required to pay interest at a rate in excess of such Maximum Rate, the rate of interest hereunder or thereunder shall be deemed to be reduced immediately and automatically to such Maximum Rate, and any such excess payment previously made shall be immediately and automatically applied to the unpaid balance of the principal sum hereof and not to the payment of interest.

Amounts payable hereunder representing late payments, penalty payments or the like shall be payable to the extent allowed by law.

This Governmental Lender Note is subject to all of the terms, conditions, and provisions of the Funding Loan Agreement, including those respecting prepayment and the acceleration of maturity.

If there is an Event of Default under the Funding Loan Documents, then in any such event and subject to the requirements set forth in the Funding Loan Agreement, the Holder may declare the entire unpaid principal balance of this Governmental Lender Note and accrued interest, if any, due and payable at once. All of the covenants, conditions and agreements contained in the Funding Loan Documents are hereby made part of this Governmental Lender Note.

No delay or omission on the part of the Holder in exercising any remedy, right or option under this Governmental Lender Note or the Funding Loan Documents shall operate as a waiver of such remedy, right or option. In any event a waiver on any one occasion shall not be construed as a waiver or bar to any such remedy, right or option on a future occasion. The rights, remedies and options of the Holder under this Governmental Lender Note and the Funding Loan Documents are and shall be cumulative and are in addition to all of the rights, remedies and options of the Holder at law or in equity or under any other agreement.

Obligor shall pay all costs of collection on demand by the Holder, including without limitation, reasonable attorneys' fees and disbursements, which costs may be added to the indebtedness hereunder, together with interest thereon, to the extent allowed by law, as set forth in the Funding Loan Agreement.

This Governmental Lender Note may not be changed orally. Presentment for payment, notice of dishonor, protest and notice of protest are hereby waived. The acceptance by the Holder of any amount after the same is due shall not constitute a waiver of the right to require prompt payment, when due, of all other amounts due hereunder. The acceptance by the Holder of any sum in an amount less than the amount then due shall be deemed an acceptance on account only and upon condition that such acceptance shall not constitute a waiver of the obligation of Obligor to pay the entire sum then due, and Obligor's failure to pay such amount then due shall be and continue to be a default notwithstanding such acceptance of such amount on account, as aforesaid. Consent by the Holder to any action of Obligor which is subject to consent or approval of the Holder hereunder shall not be deemed a waiver of the right to require such consent or approval to future or successive actions.

Neither the directors, officers, agents or employees of the Governmental Lender nor any person executing this Governmental Lender Note shall be personally liable hereon or be subject to any personal liability or accountability by reason of the issuance of this Governmental Lender Note, whether by virtue of any Constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Funding Loan Agreement and the issuance of this Governmental Lender Note.

This Governmental Lender Note shall not be entitled to any benefit under the Funding Loan Agreement or be valid or obligatory for any purpose until the Fiscal Agent shall have executed the Certificate of Authentication appearing hereon.

IT IS HEREBY CERTIFIED, RECITED AND REPRESENTED that the issuance of this Governmental Lender Note is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Governmental Lender Note to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that all acts, conditions and things necessary to be done or performed by the Governmental Lender or to have happened precedent to or in the execution and delivery of the Funding Loan Agreement have been done and performed and have happened in regular and due form as required by law.

[Signature page follows.]

DRAFT

IN WITNESS WHEREOF, the undersigned has duly executed and delivered this Governmental Lender Note or caused this Governmental Lender Note to be duly executed and delivered by its authorized representative as of the date first set forth above.

**AUSTIN HOUSING FINANCE  
CORPORATION** , as Governmental Lender

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

ATTEST:

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

## **CERTIFICATE OF AUTHENTICATION**

This Governmental Lender Note is issued under the provisions of and described in the within mentioned Funding Loan Agreement.

Date of Authentication: \_\_\_\_\_

**WILMINGTON TRUST, NATIONAL  
ASSOCIATION,**  
as Fiscal Agent

By: \_\_\_\_\_  
Authorized Signer

## ASSIGNMENT

For value received, the undersigned sells, assigns and transfers unto \_\_\_\_\_  
the within Governmental Lender Note and irrevocably constitutes and appoints \_\_\_\_\_  
attorney to transfer that Governmental Lender Note on the books kept for registration thereof, with  
full power of substitution in the premises.

Dated: \_\_\_\_\_

\_\_\_\_\_  
Signature

Signature Guaranteed:

\_\_\_\_\_

NOTICE: The assignor's signature to this assignment must correspond with the name as it  
appears upon the face of the within Governmental Lender Note in every particular,  
without alteration or any change whatever.

## EXHIBIT B

### FORM OF REQUIRED TRANSFeree REPRESENTATIONS LETTER

Austin Housing Finance Corporation  
1000 East 11<sup>th</sup> Street  
Austin, Texas 78702

Wilmington Trust, National Association, as Fiscal Agent  
Attn: Corporate Trust Department  
15950 North Dallas Parkway  
Suite 200  
Dallas, Texas 75248

RE: Austin Housing Finance Corporation Multifamily Mortgage Revenue Notes  
(Libertad Austin at Gardner) Series 2023A-1 and Series 2023A-2

Ladies and Gentlemen:

The undersigned representative of \_\_\_\_\_ (the "Purchaser"), the purchaser of the above-referenced notes (the "Governmental Lender Notes"), does hereby certify, represent and warrant for the benefit of the Austin Housing Finance Corporation (the "Governmental Lender") and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"), that the Purchaser is an Approved Transferee, as defined in the Funding Loan Agreement, dated as of \_\_\_\_\_, 2023, among Citibank, N.A., as Funding Lender, the Governmental Lender and the Fiscal Agent (the "Funding Loan Agreement").

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Governmental Lender and the Fiscal Agent, as follows:

(1) The Purchaser is purchasing such Governmental Lender Notes with its own funds (or with funds from accounts over which it has sole investment authority) and not the funds of any other person, and for its own account (or for accounts over which it has sole investment authority) and not as nominee or agent for the account of any other person and not with a view to any distribution thereof; provided, however, that the Purchaser reserves the right to transfer the Governmental Lender Notes as provided in the Funding Loan Agreement.

(2) The Purchaser has such knowledge and experience in business and financial matters including (i) the evaluation of residential real estate developments such as the Project, (ii) the evaluation of the capabilities of persons such as the Borrower (as hereinafter defined) to develop, operate and maintain the Project, and (ii) the analysis, purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Governmental Lender Notes, so as to enable it to understand and evaluate the risks of such investments and form an investment decision with respect thereto, the Purchaser has no need for liquidity in such investment and the Purchaser is (or any account for which it is purchasing is) able to bear the risk of such investment for an indefinite period and to afford a complete loss thereof.

(3) The Purchaser acknowledges that it has been provided with, and has had the opportunity to review, the documents relating to the issuance of the Governmental Lender Notes by the Governmental Lender. The Purchaser either has been supplied with or has had access to information, including financial statements, and other financial information, and has had the opportunity to ask questions and receive answers from individuals concerning the Governmental Lender, Libertad Austin at Gardner, LP (the "Borrower"), and its credit standing, the Borrower Loan Agreement, dated as of \_\_\_\_\_, 2023, between the Governmental Lender and the Borrower (the "Borrower Loan Agreement"), the Funding Loan Agreement, and the Governmental Lender Notes so that, as a sophisticated investor, the Purchaser has been able to make its decision to purchase the Governmental Lender Notes.

(4) The Purchaser has had the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information it may request.

(5) THE PURCHASER UNDERSTANDS THAT:

(i) THE GOVERNMENTAL LENDER NOTES HAVE BEEN ISSUED UNDER CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED, AND THE GOVERNMENTAL LENDER NOTES DO NOT CONSTITUTE, WITHIN THE MEANING OF ANY STATUTORY OR CONSTITUTIONAL PROVISION, AN INDEBTEDNESS, AN OBLIGATION OR A LOAN OF CREDIT OF THE STATE OF TEXAS (THE "STATE"), TRAVIS COUNTY, TEXAS (THE "COUNTY"), OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE. THE GOVERNMENTAL LENDER NOTE DOES NOT CREATE A MORAL OBLIGATION ON THE PART OF THE STATE, THE COUNTY, OR ANY OTHER MUNICIPALITY, COUNTY OR OTHER MUNICIPAL OR POLITICAL CORPORATION OR SUBDIVISION OF THE STATE AND EACH OF SUCH ENTITIES IS PROHIBITED BY THE ACT FROM MAKING ANY PAYMENTS WITH RESPECT TO THE GOVERNMENTAL LENDER NOTES; AND

(ii) THE GOVERNMENTAL LENDER HAS NO TAXING POWER AND PRINCIPAL, PREMIUM, IF ANY, AND INTEREST ON THE GOVERNMENTAL LENDER NOTES ARE PAYABLE SOLELY OUT OF THE MONEYS TO BE RECEIVED BY THE FISCAL AGENT ON BEHALF OF THE GOVERNMENTAL LENDER UNDER THE BORROWER LOAN AGREEMENT AND AMOUNTS ON DEPOSIT IN THE FUNDS AND ACCOUNTS ESTABLISHED AND PLEDGED UNDER THE FUNDING LOAN AGREEMENT.

(6) The Purchaser understands that in connection with any proposed transfer or exchange of Governmental Lender Notes, except as otherwise provided in the Funding Loan Agreement, there must be delivered to the Fiscal Agent representations of the transferee in substantially the form of Exhibit B to the Funding Loan Agreement.



(7) The Purchaser understands that, in connection with any proposed transfer of the Governmental Lender Notes, such transfer must be limited to an Eligible Purchaser. "Eligible Purchaser" means a prospective transferee that the Purchaser has clear grounds to believe and does believe can make representations with respect to itself to substantially the same effect as the representations set forth herein.

**(8) THE PURCHASER INDEMNIFIES THE GOVERNMENTAL LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES) THAT RESULT IF THE REPRESENTATIONS CONTAINED IN THE PURCHASER'S REQUIRED TRANSFEREE REPRESENTATIONS LETTER ARE FALSE IN ANY MATERIAL RESPECT.**

The Purchaser has conducted its own investigation to the extent it deemed necessary. The Purchaser has been offered an opportunity to have made available to it any and all such information it might request from the Governmental Lender and the Borrower. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

This letter and the representations and agreements contained herein are made for your benefit.

IN WITNESS WHEREOF, I have hereunto set my hand the \_\_\_\_\_ day of \_\_\_\_\_.

PURCHASER

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**MUST BE SIGNED BY ACTUAL  
PURCHASER. MAY NOT BE SIGNED BY  
NOMINEE OR AGENT**

## EXHIBIT C

### FORM OF WRITTEN REQUISITION (Project Fund)

Draw # \_\_\_\_\_

Wilmington Trust, National Association  
Attn: Corporate Trust Department  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

Re: Austin Housing Finance Corporation Multifamily Mortgage Revenue Notes  
(Libertad Austin at Gardner) Series 2023A-1 and 2023A-2 dated \_\_\_\_\_, 2023

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of \_\_\_\_\_, 2023 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the Austin Housing Finance Corporation (the "Governmental Lender") and Wilmington Trust, National Association, as fiscal agent (the "Fiscal Agent"), pursuant to which the above-referenced notes (collectively, the "Governmental Lender Notes") was issued. Capitalized terms not defined herein shall have the meanings assigned thereto in the Funding Loan Agreement or the Tax Certificate and Agreement.

1. You are requested to disburse funds in the amount of \$\_\_\_\_\_ from the [**Note Proceeds Account**] [**Borrower Equity Account**] of the Project Fund as Draw #\_\_\_\_\_ pursuant to Section 7.7 of the Funding Loan Agreement in the amount(s) and to the person(s) as follows:

[Insert grid (see below) summarizing all funds, including amount, source and payee, which are being requisitioned from the Fiscal Agent pursuant to this requisition.]

| <u>Amount</u> | <u>Funding Source</u> | <u>Payable to</u> |
|---------------|-----------------------|-------------------|
|               |                       |                   |
|               |                       |                   |
|               |                       |                   |

2. The undersigned certifies that:

(i) the obligation stated on this Requisition has been incurred in or about the acquisition, construction or equipping of the Project, each item is a proper charge against the Project Fund, and the obligation has not been the basis for a prior requisition that has been paid;

(ii) for any disbursements to be made from the Note Proceeds Account of the Project Fund, after taking into account the proposed disbursement:

- a. no more than 5% of the Net Proceeds of the Governmental Lender Note will have been used for costs that are not Qualified Project Costs;
- b. less than 25% of the Net Proceeds of the Governmental Lender Note will have been used for the cost of acquiring land; and
- c. not more than 2% of the Net Proceeds of the Governmental Lender Note will have been used for Costs of Issuance;

(iii) payment of the costs referenced herein will not violate any representation, warranty or covenant of the Borrower in the Borrower Loan Agreement, the Regulatory Agreement or the Tax Certificate and Agreement; and

(iv) as of the date hereof, no event or condition has happened or is happening or exists that constitutes, or that with notice or lapse of time or both, would constitute, an Event of Default under the Funding Loan Agreement or under the Borrower Loan Agreement.

Dated: \_\_\_\_\_, 20\_\_\_\_.

**LIBERTAD AUSTIN AT GARDNER, LP,**  
a Texas limited partnership

By: AHFC Libertad Nonprofit Corporation,  
a Texas nonprofit corporation,  
its general partner

By: \_\_\_\_\_  
Name: Rosie Truelove  
Title: Vice President

Agreed and Acknowledged by the Administrative  
Limited Member of the Borrower.

**VBG LIBERTAD AUSTIN AT GARDNER, LLC,**  
a Texas limited liability company

By: \_\_\_\_\_  
Name: Richard G. Manzardo  
Title: Authorized Representative

Approved by Funding Lender:

**CITIBANK, N.A.**, as Funding Lender

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

Name:

Title:

Date:

DRAFT

**EXHIBIT D**  
**FORM OF CLOSING COSTS REQUISITION**

Wilmington Trust, National Association  
Attn: Corporate Trust Department  
15950 North Dallas Parkway, Suite 200  
Dallas, Texas 75248

Re: Austin Housing Finance Corporation Multifamily Mortgage Revenue Notes  
(Libertad Austin at Gardner), Series 2023A-1 and Series 2023A-2 dated \_\_\_\_\_,  
2023

The undersigned, an Authorized Representative of Libertad Austin at Gardner, LP (the "Borrower"), hereby certifies to you that he/she is authorized and empowered to submit this requisition to you and that attached hereto as Schedule "A" is a schedule of closing costs incurred in connection with the closing the above described notes (the "Governmental Lender Notes"), including the names and addresses of the payees and the specific amounts payable to each such payee, and that to the best of the undersigned's information and belief, such amounts are true and correct.

This requisition is being delivered to you in accordance with the Funding Loan Agreement dated as of \_\_\_\_\_, 2023 (the "Funding Loan Agreement") among Citibank, N.A. (the "Funding Lender"), the Austin Housing Finance Corporation (the "Governmental Lender") and Wilmington Trust, National Association, as Fiscal Agent, pursuant to which the Governmental Lender Notes were issued and delivered. You are hereby instructed to withdraw from the Closing Costs Fund created under the Funding Loan Agreement the amounts shown across from each payee listed on Schedule "A" hereto and pay such amounts to each such payee by wire transfer or by such other means as is acceptable to you and any such payee.

The Borrower hereby certifies that no more than 2% of the net proceeds of the Governmental Lender Note will have been used for Costs of Issuance.

Dated: \_\_\_\_\_, 20\_\_.

**LIBERTAD AUSTIN AT GARDNER, LP,**  
a Texas limited partnership

By: AHFC Libertad Nonprofit Corporation,  
a Texas nonprofit corporation,  
its general partner

By: \_\_\_\_\_  
Name: Rosie Truelove  
Title: Vice President

Agreed and Acknowledged by the Administrative  
Limited Member of the Borrower.

**VBG LIBERTAD AUSTIN AT GARDNER, LLC,**  
a Texas limited liability company

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

Name:

Title: Authorized Representative

Approved by Funding Lender:

CITIBANK, N.A.

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

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

## **SCHEDULE "A"**

**Note:** Austin Housing Finance Corporation Multifamily Mortgage Revenue Notes (Libertad Austin at Gardner) Series 2023A-1 and Series 2023A-2 dated \_\_\_\_\_, 2023

**Payee:**

**Amount:**

**Method of Payment:**

**Description of Expense:**

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