

FINANCING AGREEMENT

Dated as of August 1, 2017  
by and among

PEDCOR INVESTMENTS-2016-CLVI, L.P.,

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION,

P/R MORTGAGE & INVESTMENT CORP.,

BOKF, NA,  
as Escrow Agent and Registrar

INTERNATIONAL CITY BANK, N.A.  
in its capacity as a Purchaser of certain Bonds

and

UNITED FIDELITY BANK, fsb  
in its capacity as a Purchaser of certain Bonds and  
as Administrative Agent

relating to

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION  
MULTIFAMILY HOUSING REVENUE BONDS  
(TRAILS AT LEON CREEK APARTMENTS PROJECT),  
SERIES 2017

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The amounts payable to San Antonio Housing Trust Finance Corporation (the "*Issuer*") and other rights of the Issuer (except for Reserved Rights, as defined herein) under this Financing Agreement have been pledged and assigned to United Fidelity Bank, fsb and International City Bank, N.A. (the "*Purchasers*") hereunder.

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## FINANCING AGREEMENT

THIS FINANCING AGREEMENT (this "*Agreement*") is made as of August 1, 2017, by and among PEDCOR INVESTMENTS-2016-CLVI, L.P., a Texas limited partnership (together with its permitted successors and assigns, the "*Borrower*"), SAN ANTONIO HOUSING TRUST FINANCE CORPORATION, a nonstock nonprofit housing finance corporation duly organized and existing under the laws of the State of Texas (together with its successors and assigns, the "*Issuer*"), BOKF, NA, as escrow agent and registrar under the Escrow Agreement (as defined herein) (together with its successors and assigns, the "*Escrow Agent*"), P/R MORTGAGE & INVESTMENT CORP., an Indiana corporation (together with its successors and assigns, the "*Lender*"), INTERNATIONAL CITY BANK, N.A. ("*ICB*") in its capacity as a purchaser of certain Bonds (as defined herein) and UNITED FIDELITY BANK, fsb ("*UFB*") in its capacity as a purchaser of certain Bonds (together with their successors and assigns, the "*Purchasers*").

### RECITALS

A. The Issuer has been created and organized pursuant to and in accordance with the provisions of the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended (the "*Act*"), for the purpose, among others, of financing the costs of residential developments that will provide decent, safe and sanitary housing for persons or families of low or moderate income at prices or rentals they can afford.

B. The Act authorizes the Issuer (i) to make loans to any person to provide financing for rental residential developments located within Bexar County, Texas, and intended to be occupied substantially (at least ninety percent (90%)) by persons of low and moderate income, as determined by the Issuer; (ii) to issue its revenue bonds for the purpose of obtaining moneys to make such loans and provide such financing, to establish necessary reserve funds and to pay administrative costs and other costs incurred in connection with the issuance of such bonds; and (iii) to pledge all or any part of the revenues, receipts or resources of the Issuer, including the revenues and receipts to be received by the Issuer from or in connection with such loans, and to mortgage, pledge or grant security interests in such loans or other property of the Issuer in order to secure the payment of the principal or redemption price of and interest on such bonds.

C. The Borrower desires to acquire, construct and equip multifamily apartment housing facilities consisting of a total of 344 units, located in the City of San Antonio, Bexar County, Texas (the "*Project Facilities*" or the "*Project*"), the acquisition, construction and/or equipping of which are being financed by the proceeds of the Issuer's Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017 (the "*Bonds*").

D. The Issuer has found and determined, and does hereby find and determine, that the acquisition, development and rehabilitation of the Project by the Borrower will provide "residential rental" facilities within the meaning of the Act, and that the Issuer, by assisting with the financing of the acquisition, development and construction of the Project, will be acting in a manner consistent with and in furtherance of the provisions of the Act.

E. The Issuer has determined that the public purposes set forth in the Act will be furthered by the issuance, sale and delivery of the Bonds in the maximum aggregate principal amount of \$38,500,000, to provide funds to finance the costs of the Project Facilities by loaning the proceeds of the Bonds to the Borrower in the manner herein described.

F. In connection with such financing of the Project Facilities, the Lender will originate a mortgage loan to the Borrower (the "*Senior Mortgage Loan*"); the Senior Mortgage Loan will be insured by the Federal Housing Administration ("*FHA*") of the United States Department of Housing and Urban Development ("*HUD*") pursuant to Section 221(d)(4) of the National Housing Act of 1934, as amended (the "*National Housing Act*"); the Senior Mortgage Loan will be evidenced by the Borrower's promissory note in the original principal amount of \$38,500,000 (the "*Senior Mortgage Note*") in favor of the Lender and the Senior Mortgage Note will be executed by the Borrower.

G. The Senior Mortgage Loan will be secured by a first lien deed of trust (the "*Senior Mortgage*") on the Project Facilities.

H. The Issuer, the Purchasers, the Escrow Agent and the Borrower have executed and delivered an Escrow Agreement, dated as of August 1, 2017 (the "*Escrow Agreement*") pursuant to which the Purchaser will deposit the proceeds of the Bonds into the Construction Fund established herein and therein.

I. To reimburse the Lender for advances of the costs of the Project Facilities and to provide security for the Bonds, upon the satisfaction of the conditions set forth herein, the Purchasers will authorize the Escrow Agent to disburse the proceeds of the Bonds from the Construction Fund to the Lender in exchange for delivery of Ginnie Mae Certificates to the Purchasers in the collective principal amounts equal to the related Advances (as defined herein) of the Senior Mortgage Loan to the Borrower from the Lender, each of which Ginnie Mae Certificates will be guaranteed as to the timely payment of principal and interest by the Government National Mortgage Association ("*Ginnie Mae*") pursuant to the National Housing Act and the regulations promulgated thereunder.

J. The Purchasers will each purchase an equal principal amount of Bonds and fund identical amounts for deposit to the Construction Fund so that the Escrow Agent will be in the position to fund the purchase of an equal amount of Ginnie Mae Certificates in the manner provided herein.

K. The Purchasers have authorized the Administrative Agent to perform those tasks and duties set forth herein for the Administrative Agent in the Administrative Agency Agreement (as defined herein).

L. The Administrative Agent, the Escrow Agent and the Lender shall provide for the delivery of the Ginnie Mae Certificates in such manner as shall assure that the two Purchasers each are registered as owning their respective interests in the Ginnie Mae Certificates.

M. The Administrative Agent shall distribute to each Purchaser its pro rata share of all payments received on the Ginnie Mae Certificates and the Bonds.

N. In order to induce the Purchasers to purchase the Bonds, the Borrower has executed and delivered to the Issuer the Subordinate Mortgage Note, the Bond Note and the Subordinate Mortgage pursuant to which the Borrower agrees to pay to the Issuer for the account of the Purchaser the amount of Additional Interest due on the Bonds.

O. To evidence its obligations, the Borrower has agreed to deliver to the Purchasers the Ginnie Mae Certificates delivered by the Lender in exchange for the Senior Mortgage Note to secure the principal of and the portion of the interest due on the Bonds at the Pass-Through Rate and has executed and delivered to the Issuer the Bond Note, the Subordinate Mortgage Note

and the Subordinate Mortgage to secure the Borrower's obligation to pay Additional Interest (as herein defined).

P. To secure the Bonds, the Issuer shall assign and pledge to the Purchasers the Issuer's right, title and interest in this Agreement, except the Reserved Rights defined herein, the Bond Note, the Subordinate Mortgage Note and the Subordinate Mortgage and directs that the Ginnie Mae Certificates shall be delivered directly to the Purchasers, all as security for the Bonds.

NOW, THEREFORE, IN CONSIDERATION OF THE FOREGOING AND THE UNDERTAKINGS HEREIN SET FORTH AND INTENDING TO BE LEGALLY BOUND, THE BORROWER, THE ISSUER, THE LENDER, THE ESCROW AGENT AND THE PURCHASERS HEREBY AGREE AS FOLLOWS:

## ARTICLE I.

### Definitions

Section 1.1. *Definitions.* In addition to terms defined elsewhere in this Agreement, the following words and terms as used in this Agreement and the preambles hereto shall have the following meanings unless the context or use clearly indicates another or different meaning or intent.

"Account" means, collectively, the ICB Construction Account and the UFB Construction Account

"Act" means the Texas Housing Finance Corporations Act, Chapter 394, Texas Local Government Code, as now in effect and as it may from time to time hereafter be amended and supplemented.

"Act of Bankruptcy" means the actual notice received by the Administrative Agent or the Purchasers that the Borrower has become insolvent or has failed to pay its debts generally as such debts become due or has admitted in writing its inability to pay any of its indebtedness or has consented to or has petitioned or applied to any court or other legal authority for the appointment of a receiver, liquidator, trustee or similar official for itself or for all or any substantial part of its properties or assets or that any such trustee, receiver, liquidator or similar official has been appointed or that insolvency, reorganization or liquidation proceedings (or similar proceedings) have been instituted by or against the Borrower.

"Additional Interest" means the interest due on the Bonds in excess of the Pass-Through Rate. Payment of Additional Interest shall be subject to and payable solely from available Surplus Cash (as defined in the HUD Regulatory Agreement) and Sale Proceeds; *provided, however*, to the extent that Additional Interest is payable from Surplus Cash such payments shall be payable solely from up to 75% of such available Surplus Cash.

"Administrative Agency Agreement" means the Administrative Agency Agreement dated as of the date hereof between ICB and UFB.

"Administrative Agent" means UFB, acting under the authority granted under the Administrative Agency Agreement, or any successor thereto.

"Advance" means any advance of the Senior Mortgage Loan to the Borrower by the Lender.

"Affiliate" means, with respect to any designated Person, each Person who directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, another designated Person, pursuant to the organizational document(s) of an entity or by other express, written agreement.

"Agreement" means this Financing Agreement, dated as of August 1, 2017, by and among the Issuer, the Borrower, the Lender, the Escrow Agent, the Administrative Agent and the Purchasers and any modifications, amendments and supplements thereto permitted hereunder.



*"Approved Investor"* means any investor that is (i) a "qualified institutional buyer" as defined in Rule 144A promulgated by the Securities Exchange Commission under the Securities Act of 1933, as amended, (ii) an "accredited investor" as defined in Rule 501(a)(1), (2), (3), (4), (7) or (8) of Regulation D promulgated by the Securities Exchange Commission under the Securities Act of 1933, as amended, or (iii) a custodial trust the sole beneficial owners of which are entities described in clauses (i) and (ii) hereof.

*"Authorized Representative"* means one or more individuals duly authorized to bind the Borrower in connection with the administration of the Project Facilities. The initial Authorized Representatives of the Borrower are John Kenny, Phillip J. Stoffregen, Thomas G. Crowe and Bruce A. Cordingley.

*"Bond Counsel"* means an attorney, or firm of attorneys, nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt bonds, selected by the Issuer and reasonably acceptable to the Administrative Agent, the Purchasers, and initially means Norton Rose Fulbright US LLP.

*"Bond Documents"* means, collectively, the Bonds, the Bond Note, this Agreement, the Bond Purchase Agreements, the Escrow Agreement, the Administrative Agency Agreement, the Subordinate Mortgage Note, the Subordinate Mortgage, the Ginnie Mae Certificates, the Regulatory Agreement, the Tax Certificate and other agreements or instruments relating to, or executed in connection with the issuance and delivery of, the Bonds, including all modifications, amendments or supplements thereto.

*"Bond Loan"* means the loan of the proceeds of the Bonds by the Issuer to the Borrower by the deposit of proceeds of the Bonds by the Purchaser with the Escrow Agent into the Construction Fund and the authorization of the disbursement of the proceeds from time to time from the Construction Fund as further described herein and the Escrow Agreement.

*"Bond Note"* means the promissory note from the Borrower payable to the order of the Issuer and endorsed to the Purchasers in the form attached hereto as Exhibit B.

*"Bond Purchase Agreements"* means collectively the Bond Purchase Agreements dated August 1, 2017, entered into among ICB, the Issuer and the Borrower and the Bond Purchase Agreement dated August 1, 2017, entered into among UFB, the Issuer and the Borrower.

*"Bonds"* means the Bonds authorized under this Agreement.

*"Borrower"* means Pedcor Investments-2016-CLVI, L.P., a Texas limited partnership, and its successors and assigns.

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

*"Class A Limited Partner"* means Leon Creek Housing Company, LLC.

*"Code"* means the Internal Revenue Code of 1986, as amended, and with respect to a specific section thereof such reference shall be deemed to include (a) the applicable regulations

promulgated or proposed under such section or any previous corresponding section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code, and (d) the applicable regulations promulgated or proposed under the provisions described in (b) and (c).

*"Construction Fund"* means the account of that name created pursuant to Section 2.7 of this Agreement and the Escrow Agreement.

*"Construction Loan Certificate"* means any Ginnie Mae Certificates, other than the Project Loan Certificate, which represents an Advance of the Senior Mortgage Loan advanced by the Lender to the Borrower, an allocable portion of which will be purchased by the Administrative Agent or its nominee on behalf of each Purchaser.

*"Construction Loan Certificate Maturity Date"* means the maturity date of the Senior Mortgage Loan.

*"Control"* (including, with the correlative meanings, the terms "controlling," "controlled by" and "under common control with") means, as used with respect to any Person, the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such other Person, or of the Person, whether through contract, stock ownership, partnership interests, membership, voting rights, governing boards, committees, divisions or other bodies with one or more common members, directors, trustees or other managers, or otherwise.

*"Counsel"* means an attorney, or firm of attorneys, admitted to practice law before the highest court of any state in the United States of America or the District of Columbia, including any Bond Counsel.

*"Default"* means an event or condition which is, or which after giving notice or lapse of time or both would be, an Event of Default.

*"Default Rate"* means the Interest Rate, plus 5.0% per annum, subject to the limitations of Section 10.6 hereof.

*"Delivery Date"* means \_\_\_\_\_, 2017, as such date may be extended in accordance with Section 2.8(e) hereof, being the latest date for delivery of the Project Loan Certificate to the Administrative Agent or its nominee.

*"Determination of Taxability"* means a determination that the interest accrued or paid on the Bonds is included in gross income of the Purchaser for federal income tax purposes, which determination shall be deemed to have been made upon the occurrence of the first to occur of the following:

- (i) the day on which the Borrower is advised in writing by the Commissioner or any District Director of the Internal Revenue Service that the interest on the Bonds is includable in the gross income of a Purchaser for federal income tax purposes;

(ii) the day on which the Borrower receives notice from the Administrative Agent in writing that a Purchaser has received (1) a notice in writing that the Internal Revenue Service has issued a statutory notice of deficiency or similar notice to a Purchaser that asserts in effect that the interest on the Bonds received by a Purchaser is included in the gross income of a Purchaser for federal income tax purposes, or (2) an Opinion of Bond Counsel that concludes in effect that the interest on the Bonds is included in the gross income of a Purchaser for federal income tax purposes;

(iii) the day on which there has been issued a public or private ruling of the Internal Revenue Service or a technical advice memorandum issued by the national office of the Internal Revenue Service that the interest on the Bonds is included in the gross income of a Purchaser for federal income tax purposes; or

(iv) the day on which the Borrower is advised in writing by Counsel that a final determination, from which no further right of appeal exists, has been made by a court of competent jurisdiction in the United States of America in a proceeding with respect to which the Borrower has been given written notice and an opportunity to participate and defend that the interest on the Bonds is included in the gross income of the Purchaser for federal income tax purposes;

*provided, however*, no Determination of Taxability shall occur if the interest on the Bonds or any portion thereof is included in the gross income of a Purchaser for federal income tax purposes solely because the Bonds or any portion thereof were held by a Person who is a Substantial User or a Related Person (unless as a result of an action not permitted by Section 8.10 hereof) or as a result of a change in existing law or regulations that were in effect on the Issue Date.

*"Environmental Laws"* means all Legal Requirements governing or relating to the protection of the environment, natural resources or human health concerning (i) activities at any of the Project Facilities, (ii) repairs or construction of any improvements at any of the Project Facilities, (iii) handling of any materials at any of the Project Facilities, (iv) releases into or upon the air, soil, surface water or ground water from any of the Project Facilities, and (v) storage, distribution, use, treatment, transport or disposal of any waste at or connected with any activity at any of the Project Facilities, including, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 42 U.S.C. §§ 9601 *et seq.*, as amended from time to time; the Hazardous Materials Transportation Act 49 U.S.C. §§ 5101 *et seq.*, as amended from time to time; the Resource Conservation and Recovery Act 42 U.S.C. §§ 6901 *et seq.*, as amended from time to time; the Federal Water Pollution Control Act 33 U.S.C. §§ 1251 *et seq.*, as amended from time to time; and comparable State laws, statutes and regulations.

*"Escrow Agent"* means BOKF, NA, as escrow agent and registrar.

*"Escrow Agreement"* means the Escrow Agreement dated as of August 1, 2017, among the Issuer, the Borrower, the Escrow Agent and the Purchasers.

*"Event of Default"* means any of the events specified in Section 9.1 hereof.

*"FHA"* means the Federal Housing Administration of HUD or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD, the Federal Housing Commissioner and their representatives or agents.

*"FHA Firm Commitment"* means the Commitment for Insurance of Advances, to be issued by FHA pursuant to Section 221(d)(4) of the National Housing Act for a mortgage loan on the Project Facilities.

*"FHA Insurance"* means the insurance of the Senior Mortgage Note by FHA pursuant to Section 221(d)(4) of the National Housing Act.

*"Final Endorsement"* means the final endorsement of the Senior Mortgage Note by FHA for FHA Insurance.

*"Fiscal Year"* means the annual accounting year of the Borrower, which currently begins on January 1 in each calendar year.

*"GAAP"* means generally accepted accounting principles in effect in the United States from time to time, consistently applied.

*"General Partner"* means SAHT Leon Creek GP, LLC, a Texas limited liability company, together with its successors and assigns.

*"Ginnie Mae"* means the Government National Mortgage Association, an organizational unit within HUD, or any successor entity and any authorized representatives or agents thereof, including the Secretary of HUD and his representatives or agents.

*"Ginnie Mae Certificate"* means a Construction Loan Certificate or the Project Loan Certificate, as the case may be, each being a mortgage-backed security issued by the Lender and guaranteed as to timely payment of interest, in the case of a Construction Loan Certificate, or of principal and interest, in the case of the Project Loan Certificate, by Ginnie Mae pursuant to the National Housing Act, as amended, and the regulations promulgated thereunder and backed by the Senior Mortgage Loan, which shall be purchased by the Administrative Agent or its nominee on behalf of the Purchasers with proceeds of the Bonds deposited into the Construction Fund by the Purchasers. The Ginnie Mae Certificates shall be delivered by the Lender in such form that each Purchaser is recognized as owning its respective share of each Ginnie Mae Certificate. Any reference to a Purchaser owning a Ginnie Mae Certificate shall be deemed to mean the Purchaser's ownership interest in the Ginnie Mae Certificate held by the Administrative Agent or its nominee on behalf of such Purchaser.

*"Ginnie Mae Depository"* means any securities depository for recording in book-entry form ownership interests in Ginnie Mae Certificates, initially the Federal Reserve Bank of New York.

*"Ginnie Mae Documents"* means the commitments issued by Ginnie Mae to the Lender to guarantee the Ginnie Mae Certificates and all other documents, certifications and assurances executed and delivered by the Lender, Ginnie Mae or the Borrower in connection with the Ginnie Mae Certificates.

*"Ginnie Mae Requirements"* means all applicable published regulations and requirements of general application of Ginnie Mae.

*"Governmental Action"* means all permits, authorizations, registrations, consents, certifications, approvals, waivers, exceptions, variances, claims, orders, judgments and decrees, licenses, exemptions, publications, filings, notices to and declarations of or with any Governmental Authority and shall include all permits and licenses required to use, operate and maintain any of the Project Facilities.

*"Governmental Authority"* means any federal, state, or local governmental or quasi-governmental subdivision, authority, or other instrumentality thereof and any entity asserting or exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.

*"Hazardous Substances"* means any petroleum or petroleum products and their by-products, flammable explosives, radioactive materials, toxic chemicals and substances, radon, asbestos in any form that is or could become friable, urea formaldehyde foam insulation and polychlorinated biphenyls (PCB), asbestos-containing materials (ACMs), lead-containing or lead-based paint (LBP), radon, medical waste and other bio-hazardous materials and any chemicals, pollutants, materials or substances defined as or included in the definition of "hazardous substances" as defined pursuant to the federal Comprehensive Environmental Response, Compensation and Liability Act, "regulated substances" within the meaning of subtitle I of the federal Resource Conservation and Recovery Act and words of similar import under applicable Environmental Laws.

*"HOME Mortgage"* means the Leasehold Deed of Trust from the Borrower to the City of San Antonio, Texas.

*"HUD"* means the United States Department of Housing and Urban Development.

*"HUD Regulatory Agreement"* means the Regulatory Agreement between the Borrower and HUD with respect to the Project, as the same may be amended or modified from time to time in accordance with its terms.

*"HUD Requirements"* means, collectively, all applicable provisions and requirements set forth in (a) the National Housing Act, (b) the United States Housing Act of 1937, as amended, and/or (c) HUD regulations and HUD rules, handbooks, guides, notices and other similar administrative requirements with respect to HUD mortgage insurance (and Section 8 of the United States Housing Act of 1937, as amended, if applicable) and/or (d) all mortgage letters that apply to the Project, applicable statutes and any regulations issued by the Secretary of HUD that apply to the Project, including all amendments to such statutes and regulations, as they become effective, except that changes subject to notice and comment rulemaking shall become effective only upon completion of the rulemaking process and provided that such future updates, changes and amendments shall be applicable to the Project only to the extent that they interpret, clarify and implement terms in this Agreement rather than add or delete provisions from such document. Handbooks, guides, notices and mortgage letters are available on HUD's official website: <http://portal.hud.gov/hudportal/HUD?src=/resources> or a successor location to that site.

*"ICB"* means International City Bank, N.A., a California banking corporation, with offices in Long Beach, California, as the initial registered owner of a portion of the Bonds, together with its successors and assigns.

*"ICB Construction Account"* means the Trails at Leon Creek Apartments ICB Construction Account created pursuant to Section 2.7 of this Agreement.

*"Improvements"* means all buildings and other improvements included in the Project Facilities.

*"Indemnified Parties"* shall have the meaning given to such term in Section 8.19 of this Agreement.

*"Initial Bonds"* shall have the meaning given to such term in Section 2.1(a) of this Agreement.

*"Initial Endorsement"* means the initial endorsement of the Senior Mortgage Note by FHA for FHA Insurance.

*"Interest Payment Date"* means the 15<sup>th</sup> day of each month, commencing September 15, 2017, and continuing thereafter to and including the 15<sup>th</sup> day of the month prior to the Maturity Date, and the Maturity Date.

*"Interest Rate"* shall mean (i) from the Issue Date through and including September 30, 2019, the Pass-Through Rate, and (ii) commencing on August 1, 2019, the LIBOR Based Rate; provided however, that the "Interest Rate" on the Bonds shall be the Pass-Through Rate during any period during which the principal owed on the Bonds, plus Additional Interest, exceeds the Maximum Amount.

*"Investor Letter"* means a letter of an Approved Investor substantially in the form set forth in *Exhibit C* hereto, which form may be modified with the Issuer's approval.

*"Investor Member"* means U.S. Bancorp Community Development Corporation, a Minnesota corporation, its permitted successors and assigns.

*"Issuance Fee"* means a fee equal to 1.0% of the initial aggregate principal amount of the Bonds, which is payable to the Issuer on the Issue Date by the Borrower.

*"Issue Date"* means August 2, 2017, the date on which the Bonds are delivered to the Purchaser.

*"Issuer"* means San Antonio Housing Trust Finance Corporation, a nonstock, nonprofit housing finance corporation duly organized and existing under the laws of the State of Texas, including the Act, or any successor to its rights and obligations under this Agreement.

*"Issuer's Administrative Fee"* means the annual fee of the Issuer in an amount equal to \$5,760. The Issuer's Administrative Fee is payable by the Borrower to the Issuer on each

anniversary of the Issue Date, beginning June 1, 2018, so long as any of the Bonds are Outstanding.

*"Legal Requirements"* means all statutes, codes, laws, ordinances, regulations, rules, policies, or other federal, state, local and municipal requirements of any Governmental Authority whether now or hereafter enacted or adopted, and all judgments, decrees, injunctions, writs, orders or like action of an arbitrator or a court or other Governmental Authority of competent jurisdiction (including those pertaining to the health, safety or the environment).

*"Lender"* means P/R Mortgage & Investment Corp., or its successors and assigns or, if P/R Mortgage & Investment Corp. loses its status as an FHA approved mortgagee, any other mortgagee approved by FHA and the Issuer, and their respective successors or assigns.

*"LIBOR Based Rate"* means for any day, a rate of interest per annum equal to the LIBOR Rate plus 0.75%; *provided*, that the LIBOR Based Rate shall never be less than 3.00% per annum nor more than 8.00% per annum.

*"LIBOR Rate"* means for each calendar month, the one-month LIBOR Rate quoted by the Administrative Agent from Reuters Screen LIBOR01 Page or any successor thereto designated by the Administrative Agent, which shall be that one-month LIBOR Rate in effect two (2) New York Banking Days prior to the tenth day of each calendar month adjusted for any reserve requirement and any subsequent costs arising from a change in government regulations, such rate rounded up to the nearest one-sixteenth percent and such rate to be reset monthly on the tenth day of each calendar month. The Administrative Agent must provide written notice of the LIBOR Rate prior to the date on which interest is payable on the Bonds based upon the LIBOR Based Rate. The Administrative Agent's internal records of applicable interest rates shall be determinative in the absence of manifest error.

*"Lien"* means any lien, mortgage, security interest, tax lien, pledge, encumbrance, conditional sale or title retention arrangement, or any other interest in property designed to secure the repayment of indebtedness, whether arising by agreement or under any statute or law, or otherwise.

*"Limited Purpose Account"* shall have the meaning given to such term in Section 2.7(c)(ii) of this Agreement.

*"Lost Ginnie Mae Certificates"* means Ginnie Mae Certificates that are no longer owned by a Purchaser (as a result of the sale thereof or the foreclosure of any pledge thereof as contemplated in Section 2.8(d)(2) hereof or otherwise).

*"Maturity Date"* means September 15, 2059.

*"Maximum Amount"* means the replacement cost approved by HUD in connection with the Senior Mortgage Note (\$\_\_\_\_\_).

*"Maximum Household Income Limit"* shall have the meaning given to such term in Section 4.1(j) of this Agreement.

*"Median Family Income"* means the median gross income for the area (or statewide median gross income, if higher) in which the Project Facilities are located, as published from time to time by the Department of Housing and Urban Development pursuant to Section 8 of the United States Housing Act of 1937, as amended, or as otherwise determined pursuant to said section.

*"Mortgage Notes"* means the Senior Mortgage Note and the Subordinate Mortgage Notes.

*"National Housing Act"* means the National Housing Act, as amended, and the applicable regulations thereunder.

*"New York Banking Day"* means a day on which banks in the State of New York are open for general banking business.

*"Opinion of Bond Counsel"* means any opinion of Bond Counsel delivered pursuant to this Agreement with respect to the excludability of interest on the Bonds from gross income of the Purchasers for federal income tax purposes. Each such opinion shall be addressed to the Borrower, the Issuer and the Purchaser. No such opinion delivered pursuant hereto shall be deemed unsatisfactory when required as a condition to any provision hereunder because such opinion states that interest on the Bonds is an item of tax preference or is included in determining alternative minimum taxable income under the Code or is taxable when the Bonds are held by a Substantial User or Related Person.

*"Outstanding"* means at any date the principal amount of the Bonds remains unpaid on such date.

*"Pass-Through Rate"* means \_\_\_\_%.

*"Payment Request Form"* means a fully completed request for disbursement from the Construction Fund in the form attached as *Exhibit A* hereto, executed by the Borrower and approved by the Lender and the Administrative Agent.

*"Permitted Encumbrances"* means only:

(i) the Regulatory Agreement, the Senior Mortgage, the Subordinate Mortgage, the HOME Mortgage and the HUD Regulatory Agreement;

(ii) for impositions not yet due and payable or being contested in good faith and by appropriate proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Lender and HUD involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Administrative Agent, and any foreclosure, distraint, sale or other similar proceedings shall have been effectively stayed;

(iii) liens of carriers, warehouseman, mechanics and materialmen incurred in the ordinary course of business for sums not yet due or being contested by appropriate



proceedings promptly initiated and diligently conducted if such proceedings do not in the opinion of the Lender and HUD involve the risk of the sale, forfeiture or loss of the property subject to such lien or interfere with the operation of the Project Facilities, and provided that such liens have been bonded or the Borrower shall have established a reserve or made other appropriate provision, if any, as shall be required by the Purchaser; and

(iv) other matters of title approved in writing by the Lender and HUD, including the exceptions listed in the pro forma mortgagee's title insurance policy issued on the Issue Date.

*"Permitted Investments"* means any investment, if and to the extent the same is then a legal investment under the applicable laws of the State, and approved by the Administrative Agent.

*"Person"* means any individual, for-profit or not-for-profit corporation, partnership, joint venture, association, limited liability company, limited liability partnership, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

*"Pledged Assets"* means (i) either (A) the Construction Loan Certificates prior to Final Endorsement; or (B) the Project Loan Certificate after Final Endorsement; (ii) the moneys held in the Construction Fund; (iii) the payments made on this Agreement, including payments received on the Ginnie Mae Certificates, the Subordinate Mortgage Note and Subordinate Mortgage; and (v) payments made by the Purchaser pursuant to Section 2.8(d)(2) of this Agreement.

*"Project"* or *"Project Facilities"* means the multifamily apartment housing facilities consisting of a total of 344 units, to be located in the City of San Antonio, Bexar County, Texas, on the Project Site, the acquisition, construction and equipping of which facilities are being financed by the proceeds of the Bonds.

*"Project Certificate"* means the Project Certificate dated the Issue Date and executed by the Borrower in connection with the Bonds.

*"Project Costs"* means the costs, fees, and expenses associated with the acquisition, construction and equipping of the Project Facilities for use as affordable rental housing including but not limited to the cost of materials, appliances, equipment, and other items of tangible personal property, the fees and expenses of architects, contractors, engineers, attorneys, accountants, developers and surveyors, and the payment of certain costs and expenses incidental to the issuance of the Bonds.

*"Project Loan Certificate"* means the Ginnie Mae Certificate issued after the Senior Mortgage Loan is finally endorsed for FHA Insurance.

*"Project Site"* means the land described in *Exhibit F* hereto on which the Project will be developed at 7615 East Bandera Road, San Antonio, Texas.

*"Purchasers"* means both UFB and ICB, as the initial purchasers of the Bonds, and any successors or assigns thereof and *"Purchaser"* means either UFB or ICB and any successor or assign thereof.

*"Qualified Investments"* has the meaning set forth in Section 3.05 of the Escrow Agreement. The Escrow Agent does not have an obligation or duty to verify that an investment is permitted by the applicable laws of the State.

*"Qualified Project Costs"* means the actual costs incurred to acquire, construct, furnish and equip the Project Facilities which except for preliminary expenditures incurred prior to the commencement of the acquisition, construction, furnishing and equipping of the Project Facilities that do not exceed 20% of the aggregate issue price of the Bonds that will finance Project Costs and other amounts that do not exceed the lesser of \$100,000 or 5% of the proceeds of the Bonds, which (i) are or were incurred after October 12, 2016, (ii) are (A) chargeable to the Project's capital account or would be so chargeable either with a proper election by the Borrower or but for a proper election by the Borrower to deduct such costs, within the meaning of Treasury Regulation Section 1.103-8(a)(1), and if charged or chargeable to the Project's capital account are or would have been deducted only through an allowance for depreciation or (B) made for the acquisition of land, to the extent allowed in Section 147(c) of the Code and (iii) are made exclusively with respect to a "qualified residential rental project" within the meaning of Section 142(d) of the Code and subject in all respects to the Tax Certificate and the Project Certificate.

*"Rebate Amount"* shall have the meaning given to such term in Section 8.10 of this Agreement.

*"Rebate Analyst"* means Ice Miller LLP or any rebate analyst selected by the Issuer and reasonably acceptable to the Borrower.

*"Rebate Analyst's Fee"* means the fee payable by the Borrower pursuant to Section 3.1(b) hereof, annually in arrears to the Rebate Analyst on each January 1 in the amount of \$\_\_\_\_\_, commencing on January 1, 20\_\_, so long as any of the Bonds are Outstanding.

*"Rebate Report"* shall have the meaning given to such term in Section 8.10 of this Agreement.

*"Receiving Participant"* has the meaning given to such term in Section 2.7 hereof.

*"Regulatory Agreement"* means the Regulatory Agreement and Declaration of Restrictive Covenants, dated as of August 1, 2017, between the Issuer, the Administrative Agent and the Borrower, as such agreement may be amended, modified or supplemented from time to time.

*"Related Person"* with reference to any Substantial User, means a "related person" within the meaning of Section 147(a)(2) of the Code.

*"Reserved Rights"* means the rights of the Issuer pursuant to Sections 2.6, 3.1(b)(3), 3.1(c), 4.2, 7.1, 8.7, 8.9, 8.11, 8.16, 8.19, 9.7, 10.5 and 10.13 of this Agreement and, additionally, (a) all rights which the Issuer or its members, directors, officers, officials, agents or employees may have under this Agreement and the Bond Documents to indemnification by the Borrower

and by any other persons and to payments for expenses incurred by the Issuer itself, or its members, directors, officers, officials, agent or employees, (b) the right of the Issuer to receive notices, reports or other information, make determinations and grant approvals under this Agreement and under the other Bond Documents, (c) all rights of the Issuer to enforce the representations, warranties, covenants and agreements of the Borrower pertaining in any manner or way, directly or indirectly, to the requirements of the Act or of the Issuer, and set forth in any of the Bond Documents or in any other certificate or agreement executed by the Borrower, (d) all inspection rights of the Issuer, (e) all rights of the Issuer in connection with any amendment to or modification of the Bond Documents, (f) all enforcement remedies with respect to the foregoing and (g) all rights to payment or reimbursement of fees and expenses of the Issuer (including but not limited to the Issuance Fee and the Issuer's Administrative Fee).

*"Sale Proceeds"* means any proceeds derived from the sale or refinancing of the Project Facilities after repayment of the Senior Mortgage Note and any other prior obligations owed by the Borrower prior to the payment on the Bonds.

*"Senior Mortgage"* means the Senior Multifamily Deed of Trust, Assignment of Rents and Security Agreement from the Borrower in favor of a trustee for the benefit of the Lender, as the same may be amended or modified from time to time.

*"Senior Mortgage Loan"* means the loan from the Lender to the Borrower to be evidenced by the Senior Mortgage Note and secured by the Senior Mortgage.

*"Senior Mortgage Loan Documents"* means the Senior Mortgage, the Senior Mortgage Note, the HUD Regulatory Agreement and all other documents required by the Lender and/or HUD in connection with the Senior Mortgage Loan.

*"Senior Mortgage Note"* means the Senior Note (Multistate) of the Borrower, to be payable to the order of the Lender, including any riders thereto, as the same may be amended or modified from time to time.

*"Special Partner"* means Leon Creek Housing Company, LLC, the Class A Limited Partner of the Borrower.

*"State"* means the State of Texas.

*"Subordinate Mortgage"* means the Second Position Deed of Trust from the Borrower for the benefit of the Issuer, which will be assigned by the Issuer to the Administrative Agent, as the same may be amended or modified from time to time.

*"Subordinate Mortgage Note"* means the Surplus Cash Note of the Borrower, to be payable to the order of the Issuer, which will be endorsed by the Issuer to the Administrative Agent, including any riders thereto, as the same may be amended or modified from time to time.

*"Substantial User"* means, with respect to any "facilities" (as the term "facilities" is used in Section 144(a) of the Code), a "substantial user" of such "facilities" within the meaning of Section 147(a) of the Code.

*"Surplus Cash"* has the meaning assigned to such term in the HUD Regulatory Agreement.

*"Tax Certificate"* means the Certificate As To Tax Exemption and No Arbitrage Certificate between the Issuer and the Borrower, dated the Issue Date.

*"UFB"* means United Fidelity Bank, fsb, with offices in Evansville, Indiana, as an initial registered owner of the Bonds, together with its successors and assigns and as Administrative Agent.

*"UFB Construction Account"* means the Trails at Leon Creek Apartments UFB Construction Account created pursuant to Section 2.7 of this Agreement.

(b) *Rules of Construction; Time of Day.* In this Agreement, unless otherwise indicated, (i) defined terms may be used in the singular or the plural and the use of any gender includes all genders, (ii) the words "hereof," "herein," "hereto," "hereby" and "hereunder" refer to this entire Agreement, and (iii) all references to particular Articles or Sections are references to the Articles or Sections of this Agreement, (iv) the terms "agree" and "agreements" contained herein are intended to include and mean "covenant" and "covenants," (v) the term "including" shall mean "including, but not limited to," and (vi) the terms "best knowledge" or "knowledge" shall mean the actual knowledge (and shall not include constructive knowledge) of the Manager of the General Partner of the Borrower. References to any time of the day in this Agreement shall refer to Central Standard Time or Central Daylight Saving Time on such day.

## ARTICLE II.

### Plan of Financing

Section 2.1. *Authority for and Issuance of Bonds; Loan of Bond Proceeds.* In order to provide funds for payment of costs related to financing the Project Facilities:

(a) There is hereby authorized and created under this Agreement an issue of bonds limited in aggregate principal amount to \$38,500,000. The Bonds shall be designated "San Antonio Housing Trust Finance Corporation Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017." No Bonds may be issued under the provisions of this Agreement except in accordance with this Article.

The President, the Vice President and Assistant Secretary of the Issuer are hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their investigation, examination, and approval by the Attorney General of the State; their registration by the Comptroller of Public Accounts of the State; and their delivery to the Purchasers. A single bond with respect to each Purchaser, numbered I-1 and upwards consecutively, shall be submitted to the Attorney General of the State (the "*Initial Bonds*") for such purpose. Upon registration of the Initial Bonds, said Comptroller of Public Accounts (or deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller Registration Certificate. The Initial Bonds thus registered shall remain in the custody of the Assistant Secretary (or his designee) until such Initial Bonds are cancelled upon delivery of a separate Bond to each Purchaser.

The Issuer shall simultaneously with the execution and delivery hereof proceed with the issuance of the Bonds and the making of the Bond Loan to the Borrower. The definitive Bonds shall be issued as fully registered bonds substantially in the form of Exhibit B hereto in the maximum aggregate principal amount of \$38,500,000 and shall be numbered "R-1" and upwards consecutively. The proceeds of the Bonds shall be deposited on the Issue Date in the Construction Fund established under the Escrow Agreement. In accordance with Section 2.8(b) hereof, the Lender shall deliver to the Administrative Agent or its nominee a Construction Loan Certificate in a cumulative principal amount equal to an Advance on the Senior Mortgage Loan, and the proceeds of the Bonds in each Account of the Construction Fund shall be used to reimburse the Lender for such Advance to the Borrower for such Construction Loan Certificate. The Bonds will be secured by only the Pledged Assets. The Borrower's obligations to pay Additional Interest on the Bonds will be evidenced by the Subordinate Mortgage Note and secured by the Subordinate Mortgage. Payment of principal and interest on the Bonds shall be made to the Purchasers, as the registered owner of the Bonds.

Upon receipt of the payment on the Ginnie Mae Certificates or the payment of Additional Interest, the Administrative Agent shall distribute such payments to each Purchaser on a pro rata basis with respect to the principal amount of the Bonds owned by each Purchaser.

(b) The Bonds shall bear interest payable monthly on the outstanding principal balance on each Interest Payment Date at the then applicable Interest Rate. The Bonds shall be subject to principal amortization in accordance with the principal repayment schedule set forth in

*Exhibit D* hereto; *provided, however*, if the principal Amortization Schedule for the Senior Mortgage Loan is modified as a result of a reduction to the principal amount of the Senior Mortgage Note pursuant to Section 2.1(g) hereof, the Lender, the Borrower and the Administrative Agent shall agree to modify *Exhibit D* for each Bond to conform to the new amortization schedule. The Bonds shall mature on the Maturity Date.

(c) Subject to the satisfaction of all of the terms and conditions set forth in the FHA Firm Commitment, the Senior Mortgage Loan Documents and the HUD Requirements with respect to the Senior Mortgage Loan, the Lender agrees to fund Advances under the Senior Mortgage Loan to the Borrower, and promptly deliver a Construction Loan Certificate to the Purchasers or their nominees in accordance with Section 2.8(b) hereof in an aggregate amount equal to such Advance of the Senior Mortgage Loan registered by the Administrative Agent's nominee in the name of each Purchaser for its respective principal amount upon: (1) the Administrative Agent's authorization to the Escrow Agent to disburse moneys held in the Construction Fund in accordance with the Payment Request Form pertaining to such Advance, and Escrow Agent's release of moneys in the Construction Fund to the Lender in an amount equal to the principal amount of the Construction Loan Certificates; and (2) each Purchaser's payment to the Lender of an amount equal to the accrued and unpaid interest on the related Construction Loan Certificate from the Purchaser's own moneys, which amount shall be reimbursed to the Purchaser from the first interest paid thereon. Notwithstanding anything to the contrary contained in this Agreement, (i) the Lender shall have no obligation to make the Senior Mortgage Loan unless and until Initial Endorsement has occurred and all other terms and conditions of the FHA Firm Commitment, HUD Requirements and requirements of applicable FHA loan documents have been satisfied, (ii) the Lender shall have no obligation to make any Advance unless and until HUD has insured such Advance by executing an Application for Insurance of Advance of Mortgage Proceeds for such Advance and any other appropriate documentation, and (iii) the Administrative Agent shall have no obligation to authorize the Escrow Agent to disburse, and the Escrow Agent shall have no obligation to disburse, amounts in the Construction Fund unless HUD has insured an Advance in the amount of such deposit (excluding accrued interest) and amounts in the Construction Fund shall not be disbursed to the Lender as provided in Section 2.7 unless, simultaneously with such disbursement to the Lender, a Construction Loan Certificate in a principal amount equal to such disbursement is delivered to the Purchaser.

(d) The Borrower agrees to take all actions required of it to cause the Advances to be insured by HUD and the Ginnie Mae Certificates to be promptly issued and delivered as contemplated by subsection (c) of this Section and by Section 2.8 hereof, including the funding of all required escrows and reserves.

(e) The Borrower, the General Partner and the Class A Limited Partner each agree to take or cause to be taken all actions necessary to cause the Investor Member to make all equity deposits contemplated by the Borrower's limited partnership agreement and the documents related thereto.

(f) On or prior to the Delivery Date, the Purchasers agree that the Administrative Agent is authorized to make, and the Escrow Agent agrees to make, disbursements from the Construction Fund authorized by the related Payment Request Form contemporaneous with the

delivery to the Purchasers of the Construction Loan Certificates from the Lender for the related Advances in accordance with Section 2.7 hereof, at which time the Purchasers will fund accrued interest as required in (c) above.

(g) In the event that the Senior Mortgage Note commences amortization prior to the date that the Project Loan Certificate is issued and held by the Purchasers as collateral for the Bonds, the Lender agrees to retain for its own account all payments on the Senior Mortgage Note that represent principal amortization payments thereof which are received prior to the date of issuance of the Project Loan Certificate and not to pass through such principal amortization payments to the Purchasers; *provided, however*, that the retention of such principal amortization payments by the Lender shall result in a reduction in the amount of the Project Loan Certificate when issued equal to any such principal amortization payments, and the amounts drawn from the Construction Fund at the time of issuance of the Project Loan Certificate shall be reduced by the amount of such principal amortization payments retained by the Lender, at which time the Bonds will be redeemed in part at the principal amount thereof from funds in the Construction Fund so that the outstanding principal amount of the Bonds equals the principal amount of the Project Loan Certificate. The Lender agrees not to amend the Senior Mortgage Note to accelerate amortization unless (1) required to do so by HUD or (2) the Administrative Agent has received an Opinion of Bond Counsel that such amendment will not, in and of itself, adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and HUD permits such amendment.

(h) The Borrower agrees to take all actions required in order that all funds advanced by the Lender under the Senior Mortgage Loan shall be applied to pay, or to reimburse the payment of, costs as described in the Payment Request Form delivered to the Escrow Agent.

(i) The Borrower agrees to take or cause to be taken all actions required in order that (1) the Senior Mortgage Loan is fully advanced and all such Advances are insured by HUD, excepting only amounts that HUD determined are not insurable and (2) the Lender is able to issue the Project Loan Certificate prior to the Delivery Date.

(j) The Lender shall have no obligation to make the final Advance unless and until the Senior Mortgage Note is finally endorsed for insurance by HUD.

(k) The Borrower and Pedcor Investments, A Limited Liability Company, agree to reimburse the Lender for any interest paid by the Lender on the Construction Loan Certificates that is in excess of the interest paid by the Borrower on the Senior Mortgage Note.

Section 2.2. *Senior Mortgage Loan to Borrower.* The Lender and the Borrower represent, and the Issuer, the Administrative Agent and the Purchasers acknowledge, that the Senior Mortgage Loan is to be insured by FHA pursuant to and in accordance with the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, as evidenced by HUD's endorsement of the Senior Mortgage Note evidencing the Senior Mortgage Loan for FHA Insurance; and that the Senior Mortgage Loan will be in the principal amount, will bear interest at the rates, will have a final maturity, will be payable in equal monthly installments of principal and interest and will be subject to prepayment, all as set forth in the Senior Mortgage

Note. The Senior Mortgage Loan will be secured pursuant to the Senior Mortgage Loan Documents.

Section 2.3. *Sufficiency of Funds.* The Purchasers and the Administrative Agent shall have no obligation to authorize the Escrow Agent to disburse and the Escrow Agent shall have no obligation to disburse, moneys in the Construction Fund that exceed \$21,541,600, other than each Purchaser's obligation to expend moneys for accrued interest due upon the delivery of any Ginnie Mae Certificates. The Borrower agrees that if the Borrower should pay any costs relating to the acquisition, construction, furnishing or equipping of the Project Facilities other than from the proceeds of the Bonds and Advances, the Borrower shall not be entitled to any reimbursement therefor from the Lender, the Escrow Agent, the Issuer or the Purchasers, and shall not be entitled to any reduction of amounts due under this Agreement. The Issuer, the Lender, the Administrative Agent, the Escrow Agent and the Purchasers make no warranty, either express or implied, that the moneys to be deposited in the Construction Fund and available for payment of the costs of acquiring the Ginnie Mae Certificates will be sufficient to pay all the costs thereof.

Section 2.4. *Failure to Deliver Project Loan Certificate.* Any provisions in any other documents to the contrary notwithstanding, in the event the Project Loan Certificate is not delivered to the Purchasers or their nominee, to be held as collateral for the Bonds on or before the Delivery Date, as provided in the Escrow Agreement and subject to the terms and provisions of this Agreement, the Administrative Agent shall have no further obligation to authorize disbursements from the Construction Fund and the Escrow Agent shall be permitted to liquidate the Construction Fund, subject to the terms and provisions of this Agreement and upon request of the Administrative Agent, as provided in the Escrow Agreement and apply such balance to the redemption of the Bonds.

Section 2.5. *Investment of Moneys.* Any moneys held as part of any fund created under this Agreement shall be invested or reinvested, from time to time, by the Escrow Agent in Qualified Investments in the manner provided in the Escrow Agreement. The Borrower has reviewed the provisions hereof and the Escrow Agreement, including without limitation those provisions relating to investment of funds held hereunder or thereunder, and the use of such investment earnings, and has reviewed the proposed initial investment of funds held under this Agreement and the Escrow Agreement and hereby approves and directs the same.

Section 2.6. *Limitation of Issuer's Liability.* The Bonds shall be special, limited obligations of the Issuer payable, as to principal and interest solely from the Pledged Assets. The Bonds shall not be a debt or indebtedness of the State or any political subdivision of the State, and neither the State nor any political subdivision of the State shall be liable thereon, nor in any event shall the Bonds be payable out of any funds or properties other than the pledged assets under this Agreement; *provided, however*, that under this Agreement the Issuer has reserved for to itself and has not pledged or assigned, the Reserved Rights. The Bonds shall not constitute an indebtedness of the State or any other municipality, county or other municipal or political corporation or subdivision of the State within the meaning of any constitutional or statutory debt limitation or restriction. The Bonds do not create a moral obligation of the State or any other municipality, county or other municipal or political corporation or subdivision of the State and none of the State or any other municipality, county or other municipal or political corporation or



subdivision of the State (except the Issuer from the sources identified herein) shall be liable for payment of the Bonds nor in any event shall principal of and interest on the Bonds be payable out of any funds or assets other than the Pledged Assets. The Issuer has no taxing power. The Bonds are issued under Chapter 394, Texas Local Government Code, as amended.

NO RECOURSE SHALL BE HAD FOR THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THE BONDS AGAINST ANY PAST, PRESENT OR FUTURE MEMBER OF THE ISSUER'S GOVERNING BODY OR THE OFFICERS, COUNSEL, FINANCIAL ADVISORS OR AGENTS OF THE ISSUER, OR OF ANY SUCCESSOR THERETO, UNDER ANY RULE OF LAW OR EQUITY, STATUTE OR CONSTITUTION, AND ALL SUCH LIABILITY IS HEREBY EXPRESSLY WAIVED AND RELEASED AS A CONDITION OF, AND CONSIDERATION FOR, THE EXECUTION AND ISSUANCE OF THE BONDS.

Section 2.7. *Construction Fund.* (a) The proceeds of the Bonds will be deposited into the Construction Fund on the Issue Date. The Escrow Agent shall establish and maintain (i) a special account designated as the "Trails at Leon Creek Apartments UFB Construction Account," shall keep such account segregated and administer such fund in accordance with this Agreement and (ii) a special account designated as the "Trails at Leon Creek Apartments ICB Construction Account," and shall keep such account segregated and administer such fund in accordance with this Agreement. The Escrow Agent shall, upon receipt of a Payment Request Form prepared by the Borrower and approved by the Administrative Agent and the Lender, disburse an equal amount of funds from each account of the Construction Fund from time to time pursuant to the instructions contained in such Payment Request Form. Pursuant to the terms of this Agreement, such disbursements from the Construction Fund shall be used to reimburse the Lender for Advances of the costs of the Project Facilities set forth in such Payment Request Form in exchange for Ginnie Mae Certificates delivered to the Purchaser as set forth herein. Upon each delivery of a Ginnie Mae Certificate to each Purchaser, the Lender or the Purchaser (or the Administrative Agent on their behalf) shall provide notice of such delivery to the Escrow Agent, along with all other additional information regarding the delivery or the Ginnie Mae Certificates that the Escrow Agent may reasonably request. If such notice and additional information are provided to the Escrow Agent, then the Escrow Agent shall maintain a record of the ownership of such Ginnie Mae Certificates. All Ginnie Mae Certificates shall be held by the Purchasers in the manner provided herein, subject to the provisions of Section 2.8(d) hereof. Notwithstanding any provisions of this Agreement or the Escrow Agreement to the contrary, no proceeds of the Bonds may be spent or disbursed to pay principal or interest on the Bonds due more than one year after completion of the Project.

(b) The Purchasers and the Issuer shall treat all principal and interest payments received by the Purchasers in connection with any Ginnie Mae Certificate as payments of principal and interest on the Bonds in repayment of the amounts owed under this Financing Agreement.

(c) The Lender shall deliver a Ginnie Mae Certificate to the Purchasers or their nominee in an amount equal to the amount of each Advance in consideration of the disbursement of a like amount of funds from each Purchaser's account in the Construction Fund. Each Ginnie Mae Certificate must be registered in the name of the Purchasers or the participants acting on behalf of the Purchasers at the depository for such book-entry designation at the time the

Purchasers acquire the Ginnie Mae Certificate as collateral for the Bonds and the following shall apply:

(i) the Purchaser or its nominee (which may be the Administrative Agent) shall be or shall become a participant in the Ginnie Mae Depository or shall have entered into a custody agreement with respect to the Ginnie Mae Certificate with a participant of the Ginnie Mae Depository (in either case, the *"Receiving Participant"*);

(ii) the Receiving Participant shall establish a limited purpose account with the Ginnie Mae Depository for this Agreement to be called the *"Limited Purpose Account"*;

(iii) the Receiving Participant shall deliver an irrevocable instruction to the Ginnie Mae Depository to the effect that all fees arising in connection with the Limited Purpose Account are to be charged to another account maintained by the Ginnie Mae Depository for the Receiving Participant;

(iv) the Ginnie Mae Depository shall deliver a certificate to the Receiving Participant acknowledging that the Ginnie Mae Depository will not charge the specified Limited Purpose Account at all times that the instruction in subparagraph (iii) above remains in effect (with exceptions only for mistake or to secure and repay any advance of principal and interest made by the Ginnie Mae Depository);

(v) there must be evidence from the Ginnie Mae Depository or the Receiving Participant that the Ginnie Mae Depository has made an appropriate entry in its records of the transfer of such book-entry security to the Receiving Participant's account; and

(vi) the Ginnie Mae Certificate has been transferred and received into the Limited Purpose Account free of any payment obligation other than the obligation to pay the Lender for the Ginnie Mae Certificate in accordance with the terms hereof.

The Lender may rely on representations made by such Purchaser and the Administrative Agent regarding compliance with the foregoing requirements. The provisions of paragraphs (iii), (iv), (v), and (vi) shall not apply if the Administrative Agent or such Purchaser receives written evidence from the Ginnie Mae Depository and the Receiving Participant that the Ginnie Mae Depository will not offset its fees against the Receiving Participant's custodial account.

*Section 2.8. Acquisition of Ginnie Mae Certificates and Funding of Senior Mortgage Loan Draws.* (a) All Ginnie Mae Certificates issued with respect to the Senior Mortgage Loan shall be dated the first day of the month in which such Ginnie Mae Certificates are issued and shall pay interest on the fifteenth (15th) day of each month commencing the fifteenth (15th) day of the month following the month of the date of issue. Each Construction Loan Certificate shall pay interest to and including the earlier of the last day of the calendar month immediately preceding the Construction Loan Certificate Maturity Date (as such date may be extended) or the day immediately preceding the date on which the Project Loan Certificate is dated. Each Construction Loan Certificate shall mature on or before the Construction Loan Certificate Maturity Date. Each Ginnie Mae Certificate shall bear interest at the Pass-Through Rate.

(b) (i) With respect to any Advance of the Senior Mortgage Loan funded by the Lender, the Lender shall deliver to the Purchasers or their nominees a Construction Loan Certificate in a principal amount equal to the amount of such Advance as security for the Bonds. The Lender or the Borrower shall give the Escrow Agent, the Administrative Agent and each Purchaser written notice at least two (2) Business Days prior to the date on which the Escrow Agent should expect to receive a fully executed Payment Request Form and each Purchaser is expected to receive a Construction Loan Certificate. The Lender shall on the date following such written notice by the Borrower provide notice to the Administrative Agent and the Escrow Agent of the principal amount of the Construction Loan Certificates to be delivered. Upon receipt of each Payment Request Form, the Escrow Agent shall transfer from the two Accounts of the Construction Fund to the Lender the amount specified in the Payment Request Form as provided in Section 2.7(a) herein; *provided, however*, that if the Lender's notice to the Escrow Agent, the Administrative Agent and the Purchasers indicates the principal amount of the Construction Loan Certificate will be less than the transfer to be made from such Purchaser's account of the Construction Fund, the Administrative Agent shall instruct the Escrow Agent to cancel all or a portion of the amount specified in the Payment Request Form. The disbursement shall be the purchase price equal to 100% of the principal amount thereof of each Construction Loan Certificate, and each Purchaser shall transfer to the Lender the accrued interest thereon as provided in Section 2.1(c) hereof. The maximum principal amount of the Construction Loan Certificates shall not exceed the original stated principal amount of the Senior Mortgage Loan and the maximum principal amount of the Bonds. The Escrow Agent shall not be obligated to verify either that (A) disbursements made from the Construction Fund are equal to the purchase price of 100% of the principal amount of each Construction Loan Certificate, or (B) whether or not the maximum principal amount of the Construction Loan Certificates shall exceed the original stated principal amount of the Senior Mortgage Loan and the maximum principal amount of the Bonds, its obligation only being to disburse funds as instructed in the Payment Request Form.

(ii) The Lender shall use reasonable efforts to deliver the Project Loan Certificate to the Purchasers or the Purchasers' nominees in exchange for the cancellation of the Construction Loan Certificates held by the Purchasers as soon as practicable after Final Endorsement; *provided, however*, that if the principal amount of the Senior Mortgage Loan at Final Endorsement is less than the principal amount of the outstanding Construction Loan Certificates, Borrower shall provide to the Lender the amount of such reduction (less funds collected by the Lender pursuant to Section 2.1(g) hereof) and upon payment of such amount by the Borrower to the Lender, if any, the Construction Loan Certificates shall be prepaid by the Lender without the imposition of a prepayment penalty in the amount of such reduction prior to conversion of the Construction Loan Certificates to the Project Loan Certificate and the Escrow Agent and the Administrative Agent shall apply such difference to redeem or prepay a portion of the outstanding principal amount of the Bonds at the principal amount thereof, so that the principal amount of the Bonds equals the principal amount of the Ginnie Mae Certificates. Subject to receipt of any amount due under the preceding sentence, each Purchaser shall execute and deliver such documents as may be reasonably requested in writing by the Lender to effect the cancellation of the Construction Loan Certificates in exchange for the Project Loan Certificate. Upon cancellation of the Construction Loan Certificates and the issuance of the Project Loan Certificate, the Purchasers shall deliver such information to

the Escrow Agent that shows the registration of ownership of the Project Loan Certificate. Payments of principal on the Senior Mortgage Loan which are made on or before the date of the Project Loan Certificate shall be retained by the Lender, and shall not be paid to the Purchaser or its nominee, and the Purchasers' obligations to authorize the purchase of Construction Loan Certificates or the Project Loan Certificate shall be reduced by the amount of such principal payments retained by the Lender and the Bonds shall be redeemed or prepaid from the remaining moneys held in the Construction Fund by the Escrow Agent in accordance with the terms of the Escrow Agreement so that the redemption shall be in the amount of said principal retained by Lender, in each case allocated ratably to each Purchaser. The maximum principal amount of the Project Loan Certificate purchased by the Purchasers or their nominee shall not exceed the original stated principal amount of the Senior Mortgage Loan and the maximum outstanding principal amount of the Bonds.

(c) The Purchasers shall acquire Construction Loan Certificates as provided for herein, *provided* that the Purchasers have received (1) all of the Construction Loan Certificates representing prior Advances (and all payments due thereon) and (2) the Construction Loan Certificate relating to and in the amount of such Advance (subject to a rounding convention of \$1.00). Notwithstanding the provisions of Section 2.8(b) hereof, in the event that any Construction Loan Certificates delivered to the Purchasers are issued in a principal amount less than the amount of the related disbursement by the Escrow Agent from the Construction Fund, the Lender shall promptly return such excess funds to the Escrow Agent for deposit in the Construction Fund. Notwithstanding anything to the contrary contained herein, the Lender shall not be obligated to deliver Construction Loan Certificates to the Purchasers in a principal amount greater than the amount of the related disbursement from the Construction Fund by the Escrow Agent to the Lender to purchase the related Construction Loan Certificates. In such event, the Lender shall notify the Escrow Agent that moneys shall not transfer from the Construction Fund for such Construction Loan Certificate.

(d) (i) Notwithstanding anything to the contrary in this Agreement, the Purchasers shall continue to hold the Ginnie Mae Certificates as collateral for the Bonds in accordance with this Agreement; *provided, however*, that, after all of the buildings comprising the Project Facilities are placed in service for federal income tax purposes, a Purchaser may, from time to time, sell, pledge or dispose of its interest in the Ginnie Mae Certificates or a portion thereof as security for other obligations of such Purchaser, without approval from the Lender, the Issuer or the Borrower, but with written notice to the Lender, the Administrative Agent, the Borrower, the Escrow Agent and the Issuer. Upon receipt of such notice, the Escrow Agent shall maintain in the register the ownership of the Ginnie Mae Certificates. The notice shall contain such information that the Escrow Agent may reasonably request to maintain the registration of such ownership.

(ii) Any Purchaser shall notify the Lender, the Escrow Agent, the Administrative Agent, the Borrower and the Issuer in writing of any Ginnie Mae Certificate becoming a Lost Ginnie Mae Certificate. In the event there are any Lost Ginnie Mae Certificates, such Purchaser agrees that it shall pay, for the benefit of the Borrower and the Issuer, on the dates scheduled for payment as provided for in this Agreement, an amount equal to the principal and interest payable on the Lost Ginnie Mae

Certificates, thereby substituting such Purchaser's guaranty of such payment for the payments that would have been made in respect of the Lost Ginnie Mae Certificates.

(iii) It is the express intention of the parties to this Agreement that (i) in the event there are Lost Ginnie Mae Certificates, the related Bonds will remain Outstanding and will not be deemed redeemed or cancelled or otherwise paid as a result thereof, (ii) the principal balance of the Bonds shall always equal the principal balance of the Ginnie Mae Certificates (including the Lost Ginnie Mae Certificates), with reductions of such principal to be made on a dollar for dollar basis in the amounts and on the dates that payments of principal are made on the Ginnie Mae Certificates (including any Lost Ginnie Mae Certificates by virtue of the payment by Purchaser of such principal in accordance with Section 2.8(d)(2) hereof) and (iii) in the event there are Lost Ginnie Mae Certificates, no Event of Default shall exist under this Agreement (notwithstanding any provision of Article IX hereof) as a result thereof.

(iv) The Purchasers acknowledge that unless there shall be delivered to the Issuer, the Borrower and the Purchasers an Opinion of Bond Counsel to the effect that the change in security provided for in paragraph (2) of this subsection (d) did not, in and of itself, cause the interest on the Bonds to no longer be excludable from gross income for federal income tax purposes, the portion of the interest on the Bonds attributable to the Lost Ginnie Mae Certificates may no longer represent tax-exempt interest, and the Purchasers expressly agree that the Opinion of Bond Counsel rendered in connection with the original issuance of the Bonds shall not apply to such interest on the Bonds thereafter. The Issuer shall have no obligation to pay principal and interest on the Bonds attributable to a Lost Ginnie Mae Certificate except from the Pledged Assets.

(e) If the Project Loan Certificate cannot be delivered to a Purchaser or its nominee by the Delivery Date, the Delivery Date may be extended as provided in a Trade Agreement dated March \_\_, 2017, entered into by each Purchaser with the Lender and Pedcor Investments, A Limited Liability Company. No extension of the Delivery Date shall be to a date which is later than fifteen (15) days prior to the Construction Loan Certificate Maturity Date. In order to extend the Delivery Date, such Purchaser and the Administrative Agent must receive, on or before the Delivery Date then in effect, a written request from the Borrower (with the written consent of the Lender).

(f) Notwithstanding any provision of this Agreement to the contrary, the Purchasers intend that each disbursement from the Construction Fund by the Escrow Agent shall be disbursed ratably from the account thereof allocable to each Purchaser and that the principal amount of Ginnie Mae Certificates delivered to the Purchasers in exchange for such disbursement shall equal the amount disbursed from each Account of the Construction Fund.

## ARTICLE III.

### Payment of Loan

Section 3.1. *Amounts Payable.* (a) The Borrower covenants to pay to the Purchaser the amount, if any, required to pay the principal of and interest on the Bonds when due. The Borrower agrees to make payments required by the Senior Mortgage Note, as and when the same become due, for the purpose of paying the principal amount of the Bonds and the portion of the interest due on the Bonds equal to the Pass-Through Rate. The Borrower covenants that, for so long as the Bonds are Outstanding and except as otherwise contemplated hereby, or as may be required by HUD or Ginnie Mae, it will not execute any amendment to the Senior Mortgage Note that results in a decrease in the amount payable thereunder without the consent of the Administrative Agent. The Issuer and the Borrower shall receive credit for any principal and interest payments made to each Purchaser on the Bonds or due to the Issuer under this Agreement, respectively, in the amount and to the extent of payments of principal and interest from or in connection with any Ginnie Mae Certificate delivered to such Purchaser or its nominee.

(b) To the extent not paid pursuant to the Senior Mortgage Note, the Borrower also shall pay, or cause to be paid, as and when the same become due: (1) to the Administrative Agent the expenses reasonably incurred by it, as Administrative Agent hereunder, including without limitation the reasonable fees and expenses of its counsel; (2) to each Purchaser the expenses reasonably incurred by it as Purchaser hereunder, including without limitation the reasonable fees and expenses of its counsel; (3) to the Purchaser the amount, if any, required to pay the Additional Interest on the Bonds when due; (4) to the Issuer or to any payee designated by the Issuer, all expenses of the Issuer and its respective agents reasonably incurred at any time related to the Bonds or the Project Facilities or the financing thereof, including, without limitation, legal and advisory fees and expenses incurred in connection with the interpretation, performance, enforcement or amendment of any documents relating to the Project Facilities or the Bonds or in connection with questions or other matters arising under such documents, which amounts described in this clause (4) shall be paid upon demand and in any event no later than thirty (30) days after receipt of request for payment thereof; (5) to Bond Counsel, the reasonable fees and expenses of Bond Counsel incurred after the Issue Date in connection with the Bonds or any Bond Documents at the request of the Issuer, the Purchasers, the Administrative Agent, the Lender or the Borrower; (6) to the Rebate Analyst, the Rebate Analyst's Fee; (7) to FHA, Ginnie Mae and the Lender all fees and expenses associated with obtaining FHA and Ginnie Mae approvals necessary for the issuance of the FHA Commitment and the Ginnie Mae Certificates; (8) to the Escrow Agent all expenses of the Escrow Agent and its agents and legal counsel reasonably incurred at any time related to the Bonds, this Agreement, the Escrow Agreement or the Construction Fund; (9) to the Lender the difference, if any, between the interest due on the Construction Loan Certificates and interest on the Senior Mortgage Note received by the Lender; and (10) to the respective payee, any other expenses payable in accordance with this Agreement. The obligations of the Borrower to pay the amounts due in this subsection (b) shall be payable solely from Surplus Cash.

(c) In addition to the foregoing, the Borrower shall pay to the Issuer (i) on the Issue Date, the Issuance Fee, and (ii) on each anniversary of the of the Issue Date while the Bonds are Outstanding, the Issuer's Administrative Fee.

Without limiting in any way the obligation of the Borrower to pay all expenses described above (including, without limitation, the amount by which any such expenses are reduced as a result of any unscheduled prepayment of the principal amount of the Ginnie Mae Certificates) payable to the Issuer, the Administrative Agent, the Escrow Agent or the Purchasers, in the event any such expenses or any portion thereof is not paid when due, or is not paid in the amount otherwise due, as a result of any restriction or requirement under the Senior Mortgage Loan Documents, any HUD Requirements or any Ginnie Mae Requirements, then such expenses or portion thereof nonetheless shall be payable on behalf of the Borrower thereafter promptly when permitted by the Senior Mortgage Loan Documents, HUD Requirements and Ginnie Mae Requirements, including, without limitation, from Surplus Cash to the extent permitted by HUD and which remains after payment and repayment of amounts, including, but not limited to fees, advances, loans and expenses as specified in the Borrower's limited partnership agreement.

Pedcor Investments, A Limited Liability Company, hereby agrees to pay any unpaid obligations of the Borrower described in Sections 3.1(b)(3) and 3.1(c) hereof.

Section 3.2. *Prepayment of Loan; Redemption of Bonds.* The Issuer and the Purchasers acknowledge that, subject to the terms of the Senior Mortgage Note, (i) the Borrower shall have the option to prepay the Senior Mortgage Loan in full or in part at any time upon thirty (30) days advance written notice to the Administrative Agent, (ii) the Senior Mortgage Note also is subject to mandatory monthly prepayment and extraordinary mandatory prepayment, but only in accordance with the provisions of the Senior Mortgage Note, and (iii) the Bonds are subject to optional redemption, and extraordinary mandatory redemption upon any such prepayment of the Senior Mortgage Loan. Any prepayment of the Senior Mortgage Note must then result in a redemption of the Bonds in a like principal amount. Any prepayment premium payable by the Borrower pursuant to the Senior Mortgage Note in connection with any such prepayment shall be paid to the owner or owners of the Ginnie Mae Certificates, and shall constitute a redemption premium on the Bonds owned by each Purchaser relative to the principal amount such Purchasers are also the owner of the Ginnie Mae Certificates.

Section 3.3. *Absolute Obligations of Borrower.* (a) The obligation of the Borrower to make payments on the Senior Mortgage Note and the Subordinate Mortgage Note, to make all other payments provided for in the Subordinate Mortgage and this Agreement and to perform and observe the other agreements and covenants on its part herein contained shall be absolute and unconditional, irrespective of any defense or any rights of setoff, recoupment or counterclaim it might otherwise have against the Issuer, the Administrative Agent, the Purchasers, the Lender or any other person. Subject to payment or prepayment of the Senior Mortgage Note and the Subordinate Mortgage Note in full and termination as provided herein, the Borrower shall not suspend or discontinue any such payment hereunder or on the Senior Mortgage Note, the Subordinate Mortgage Note, Subordinate Mortgage and this Agreement (any re-amortization of the payments on the Senior Mortgage Note in accordance with this Agreement and the Senior Mortgage shall not constitute a suspension or discontinuance of payments on the Senior Mortgage Note) or fail to perform and observe any of its other agreements and covenants

contained herein or terminate this Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may deprive the Borrower of the use and enjoyment of the Project Facilities, failure of consideration or commercial frustration of purpose, any damage to or destruction of the Project Facilities or any part thereof, the taking by eminent domain of title to or the right to temporary use of all or any part of the Project Facilities, any change in the tax or other laws of the United States of America, the State or any political or taxing subdivision of either thereof, or any failure by the Issuer to perform and observe any agreement or covenant, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement.

(b) Notwithstanding any provisions in this Agreement or any of the other Bond Documents to the contrary, enforcement of the provisions of this Agreement or any of the other Bond Documents shall not result in any claim against Senior Mortgage Loan proceeds, any reserve or deposit required by HUD or the Lender in connection with the Senior Mortgage Loan, or the rents or other income from the Project Facilities (other than available Surplus Cash of the Project Facilities, if any), and the liability of the Borrower, the General Partner and/or Investor Member for any breach or default by or obligation of the Borrower under this Agreement or any of the other Bond Documents shall be limited to the available Surplus Cash of the Project Facilities, if any. By execution hereof, each of the Issuer, the Administrative Agent and the Purchasers affirm that, other than pursuant to the Senior Mortgage and the Subordinate Mortgage, no pledge has been made and that it has no claim, and will not later assert any claim, against the mortgaged property, the Senior Mortgage Loan proceeds, any reserve or deposit made with the Lender or required by HUD in connection with the Senior Mortgage Loan transaction or against the income from the mortgaged property for payment of any obligation contained herein or in any of the other Bond Documents; *provided, however*, that nothing in this provision or elsewhere in this Agreement or any of the other Bond Documents shall alter, affect or diminish the rights of the Lender under the Senior Mortgage Loan Documents.

Section 3.4. *Rights Assigned.* It is understood and agreed that all of the Issuer's rights under this Agreement, the Bond Note, the Subordinate Mortgage Note and the Subordinate Mortgage (except its Reserved Rights) are assigned to the Purchasers. The Borrower and the Lender hereby consent to such assignment.



## ARTICLE IV.

### **Representations of Issuer and the Escrow Agent**

Section 4.1. *Representations by the Issuer.* The Issuer represents and warrants as follows:

(a) The Issuer is a nonstock, nonprofit housing finance corporation organized under the laws of the State of Texas.

(b) The Issuer has all requisite power, authority and legal right to execute and deliver the Bond Documents to which it is a party and all other instruments and documents to be executed and delivered by the Issuer pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Bond Documents. All corporate action on the part of the Issuer which is required for the execution, delivery, performance and observance by the Issuer of the Bond Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Issuer do not contravene applicable law or any contractual restriction binding on or affecting the Issuer.

(c) The Issuer has duly approved the issuance of the Bonds and the loan of the proceeds of the Bonds to the Borrower for the acquisition and construction of the Project Facilities; no other authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required as a condition precedent to the execution of this Agreement or the delivery of the Bonds that are to be delivered on the Issue Date.

(d) This Agreement is, and each other Bond Document to which the Issuer is a party when delivered will be, a valid and binding special obligation of the Issuer enforceable against the Issuer in accordance with its terms except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other laws affecting creditors' rights generally; (ii) the application of equitable principles and the exercise of judicial discretion in appropriate cases; (iii) common law and statutes affecting the enforceability of contractual obligations generally; and (iv) principles of public policy concerning, affecting or limiting the enforcement of rights or remedies against governmental entities such as the Issuer.

(e) There is no action, suit, proceeding, inquiry, or investigation at law or in equity or before or by any court, public board or body pending, or, to the best knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the transactions contemplated by, or the validity or enforceability of, the Bonds or this Agreement or (ii) the tax-exempt status of interest on the Bonds.

(f) In connection with the authorization, issuance and sale of the Bonds, the Issuer has complied in all material respects with all provisions of the laws of the State, including the Act.

(g) The Issuer has not assigned or pledged and will not assign or pledge its interest in this Agreement for any purpose other than to secure the Bonds issued under this Agreement.

The Bonds constitute the only obligations of the Issuer in any manner payable from the revenues to be derived from this Agreement, and except for the Bonds, no obligations have been or will be issued on the basis of this Agreement.

(h) The Issuer is not in default under any of the provisions of the laws of the State, which default would affect the issuance, validity or enforceability of the Bonds or the transactions contemplated by this Agreement.

(i) The Issuer, the Escrow Agent, the Administrative Agent and the Purchasers make no representation or warranty that the Project Facilities will be adequate or sufficient for the purposes of the Borrower. Nothing in this Agreement shall be construed as requiring the Issuer, the Administrative Agent, the Escrow Agent or the Purchasers to provide any financing for the Project Facilities other than the proceeds of the loan held in the construction fund or to provide sufficient moneys for all of the costs of the Project.

(j) The Issuer hereby determines that the maximum amount constituting moderate income pursuant to Section 394.004 of the Act shall be an amount equal to \$99,722, as such number shall be adjusted annually by the change in the Consumer Price Index, All Items Not Seasonally Adjusted, South Urban published by the United States Department of Commerce for December of each year (the "*Maximum Household Income Limit*").

Section 4.2. *Role of the Issuer.* The Issuer shall not be required to take any action not expressly provided for herein. In addition, the Issuer shall have no obligation to review, control or oversee the activities of the Administrative Agent and the Purchasers, the Borrower or any other person in connection with this Agreement or the Bonds. Furthermore, the Issuer shall not be obligated to take any action that might in its reasonable judgment involve it in any expense or liability unless it shall have been furnished with assurance of payment or reimbursement for any expense and with reasonable indemnity for liability of the Issuer, its officers, members, officials, agents and employees.

The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Agreement and the Bonds executed and delivered hereunder; *provided, however*, that the liability of the Issuer under any such covenant, condition or agreement for any breach or default by the Issuer thereof or thereunder shall be limited solely to the revenues and receipts held hereunder or derived from the Ginnie Mae Certificates and, with respect to any Additional Interest on the Bonds, 75% of Surplus Cash, and any amounts due under Section 8.16(b) hereof, any Surplus Cash.

The Issuer acknowledges and agrees that all covenants contained in this Agreement are with and for the benefit of the Administrative Agent and the Purchasers and may be enforced by the Administrative Agent or the Purchasers, in its or their discretion as provided in the Administrative Agency Agreement.

Section 4.3. *Further Assurances.* The Issuer shall, upon request and subject to its right to reimbursement and indemnity in Section 8.19 hereof, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such agreements supplemental hereto and such further acts, instruments and transfers as the Administrative Agent may reasonably

require for the better assuring, transferring, conveying, pledging and assigning to the Administrative Agent and the Purchasers of all the rights assigned hereby and the revenues and receipts pledged hereby to the payment of the principal of and interest on the Bonds. The Issuer shall, upon request and subject to its right to reimbursement and indemnity in Section 8.19 hereof, cooperate reasonably with the Administrative Agent, the Purchasers, the Escrow Agent, the Borrower, and the Lender in protecting the rights and security of the Purchasers.

Section 4.4. *Role of the Escrow Agent; Appointment as Registrar and Authentication Agent.* The duties and responsibilities of the Escrow Agent hereunder and under the Escrow Agreement are contained in Articles 4 and 5 of the Escrow Agreement, which Articles are incorporated herein by reference.

The Issuer hereby appoints the Escrow Agent as registrar and authentication agent. The Escrow Agent, as registrar shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of holders of the Bonds and may make reasonable rules for the conduct of its duties as Registrar.

The Escrow Agent acknowledges and agrees that all covenants contained in this Agreement and the Escrow Agreement are with and for the benefit of the Purchasers and may be enforced by the Purchasers or the Administrative Agent, in its discretion. The Escrow Agent has no duty or obligation to enforce the provisions of this Agreement or the Escrow Agreement.

## ARTICLE V.

### **Representations and Warranties of the Borrower**

The Borrower represents and warrants to and for the benefit of the Issuer, the Purchasers, the Administrative Agent and the Lender as follows:

Section 5.1. *Existence.* The Borrower is a limited partnership, duly organized, validly existing and in good standing under the Legal Requirements of the State of Texas and is duly qualified to do business in the State. The Borrower has furnished true and complete copies of its partnership agreement and Certificate of Formation. The Borrower owns no other assets other than the Project Facilities. The Borrower has been, is and will be engaged solely in the business of financing, owning, managing and operating the Project Facilities and activities incident thereto. The General Partner of the Borrower is SAHT Leon Creek GP, LLC, a Texas limited liability company, duly registered, validly existing and in good standing under the laws of the State of Texas. The General Partner has furnished to the Purchaser true and complete copies of its Certificate of Formation and Certificate of Continued Existence. The Borrower represents that the ownership of interests in the Borrower, as follows, are correct as of the Issue Date: (a) the General Partner - .005%; (b) the Special Partner - .005%; and (c) the Investor Member - 99.99%.

Section 5.2. *Power, Authorization and No Conflicts.* The Borrower has all requisite power and authority and the legal right to own and operate its properties and to conduct its business and operations as they are currently being conducted and as proposed to be conducted by it. The execution, delivery and performance by the Borrower of this Agreement and the other Bond Documents to which the Borrower is a party (i) are within the Borrower's powers, (ii) have been duly authorized by all necessary company and legal action, and (iii) do not contravene the partnership agreement, operating agreement or Certificate of Formation of the Borrower or the General Partner, as applicable, or any Legal Requirement applicable to the Borrower or the General Partner or any material contract or restriction binding on or affecting the Borrower, the General Partner or any of their respective assets, or result in the creation of any mortgage, pledge, lien or encumbrance upon any of their assets other than as provided by the terms thereof.

Section 5.3. *Governmental Authorizations and other Approvals.* The Borrower and the General Partner have, or can acquire in the normal course of business, all necessary Governmental Actions and qualifications, and have complied in all material respects with all applicable Legal Requirements necessary to conduct their business as it is presently conducted and to own and operate the Project Facilities in accordance with the provisions of the Bond Documents. No authorization, approval or other action by, and no notice to or filing with, any Governmental Authority is required for the due execution, delivery and performance by the Borrower of this Agreement, or the other Bond Documents, except such as have been obtained or are not issuable on or before the date of execution and delivery of this Agreement.

Section 5.4. *Validity and Binding Effect.* This Agreement and the other Bond Documents to which the Borrower is a party are the legal, valid and binding obligations of the Borrower, enforceable against it in accordance with their terms, subject to the application by a

court of general principles of equity and to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar Legal Requirement affecting creditors' rights generally.

Section 5.5. *No Litigation.* There is no pending action or proceeding before any Governmental Authority or arbitrator against or involving the Borrower, the General Partner or to the Borrower's knowledge after due inquiry, the Project Facilities and, to the best knowledge of the Borrower and the General Partner, there is no threatened action or proceeding affecting the Borrower or the General Partner before any Governmental Authority or arbitrator which, in any case, might materially and adversely affect the business, operations, assets, condition (financial or otherwise) or prospects of the Borrower or the General Partner, or the validity or enforceability of this Agreement, the Bonds or the other Bond Documents or the operation or ownership of the Project Site and Project Facilities.

Section 5.6. *Compliance.* The Borrower shall, through the term of this Agreement and at no expense to the Issuer, promptly comply or cause compliance with all laws, ordinances, orders, rules, regulations and requirements of duly constituted public authorities which may be applicable to the Project Facilities or to the repair and alteration thereof, or to the use or manner of use of the Project Facilities. The Project Facilities are located wholly within the boundaries of the Issuer's jurisdiction. The Project Facilities will satisfy all requirements of the Act and the Code with respect to multifamily rental housing and/or qualified residential rental facilities.

Section 5.7. *Title to Properties; Liens and Encumbrances.* The Borrower has, as of the Issue Date, good and indefeasible fee simple title, and/or an insurable leasehold estate, to the Project Site and the Project Facilities, free and clear of all liens or encumbrances except for the Permitted Encumbrances. To the best of the Borrower's knowledge, all such real property, fixtures and equipment necessary to the conduct of the business of the Borrower and the operation of the Project Facilities are in reasonable working order and are suitable for the purposes for which they are presently being used. There exist no liens, encumbrances or other charges against any Project Facilities (including without limitation statutory and other liens of mechanics, workers, contractors, subcontractors, suppliers, taxing authorities and others), except Permitted Encumbrances and those for which the Borrower has secured affirmative title insurance coverage.

Section 5.8. *Utilities and Access.* All utility services necessary for the operation of the Project Facilities, including water supply, storm and sanitary sewer facilities, electricity and telephone facilities are available within the boundaries of the Project Facilities; and all roads necessary for the full utilization of the Project Facilities for their intended purposes either have been completed or rights-of-way therefor have been acquired by the appropriate Governmental Authority or others or have been dedicated to public use and accepted by such Governmental Authority.

Section 5.9. *Financial Information.* (a) All of the financial information furnished to the Purchasers with respect to the Borrower, the General Partner and the Class A Limited Partner in connection with this Agreement (i) is complete and correct in all material respects as of the date hereof; and (ii) accurately presents the financial condition of such party as of the date hereof. Neither the Borrower nor the General Partner has any material liability or contingent liability not disclosed to the Purchasers in writing.

(b) Since its formation, each of the Borrower and the General Partner has conducted its operations in the ordinary course, and no material adverse change has occurred in the business, operations, assets or financial condition of the Borrower or the General Partner.

Section 5.10. *Environmental Representations.* Neither the Borrower nor the General Partner has released into or upon the air, soil, surface water or groundwater of the Project Facilities any Hazardous Substances, other than in accordance with Environmental Laws; it has no knowledge of any environmental contaminants or Hazardous Substances present now or in the past at the Project Facilities; it has obtained and maintains all required permits or approvals from any Governmental Authority; and it is in full compliance with all applicable Environmental Laws and regulations.

Section 5.11. *Full Disclosure.* This Agreement, the exhibits hereto and the other documents, certificates, opinions, schedules and statements furnished to the Administrative Agent or the Purchasers by or on behalf of the Borrower, the Class A Limited Partner or the General Partner in connection with the transactions contemplated hereby or by the Bond Documents, do not contain any untrue statement of a material fact with respect to the Borrower, the Class A Limited Partner or the General Partner or the Project Facilities and do not omit to state a material fact with respect to the Borrower, the Class A Limited Partner or the General Partner or the Project Facilities necessary in order to make the statements contained therein not misleading in light of the circumstances under which they were made. There is no fact known to the Borrower, the Class A Limited Partner or the General Partner which materially adversely affects or in the future may adversely affect the business, operations, properties, assets or financial condition of the Borrower, the Class A Limited Partner or the General Partner which has not been set forth in this Agreement or in the other documents, certificates, opinions, schedules and statements furnished to the Administrative Agent or the Purchasers and on behalf of any such party before the date of execution and delivery of this Agreement in connection with the transactions contemplated hereby.

Section 5.12. *Bond Documents.* Each of the Borrower and the General Partner has provided the Purchasers with true, correct and complete copies of: (i) all documents executed by the Borrower or the General Partner in connection with the Bonds; including all amendments thereto and compliance reports filed thereunder; (ii) all management and service contracts entered into by the Borrower in connection with the Project Facilities, including all amendments thereto; (iii) all material correspondence, if any, relating to the Bonds from the Administrative Agent or the Purchasers, the Issuer, the Securities and Exchange Commission, the Internal Revenue Service or any state or local securities regulatory body or taxing authority or any securities rating agency; and (iv) all documentation, if any, relating to governmental grants, subsidies or loans or any other loans, lines of credit or other subordinate financing relating to the Borrower or the Project Facilities, whether or not secured by the Project Facilities. Each of the representations and warranties on the Borrower's part made in the Bond Documents remain true and correct in all material respects and no Default exists under any covenants on the Borrower's part to perform under the Bond Documents.

Section 5.13. *Illegal Activity.* No portion of any of the Project Facilities has been or will be purchased, improved, fixtured, equipped or furnished with proceeds of any illegal activity conducted by the Borrower.

Section 5.14. *Permits and Approvals.* All zoning, development and other governmental approvals necessary for the construction of the Project Facilities have been obtained, and all permits necessary for the implementation of the Project Facilities plans and specifications have been obtained or may be obtained as a matter of right. The zoning of the Project Facilities currently permits the use of the Project Site for a multifamily housing facility. All such approvals obtained by the Borrower have been validly issued and are in full force and effect. No such approvals will terminate, or become void or voidable or terminable, upon any sale, transfer or other disposition of the Project Facilities, including any transfer pursuant to foreclosure sale under the Senior Mortgage.

## ARTICLE VI.

### **Representations of the Lender and the Escrow Agent**

Section 6.1. *Representation by the Lender.* The Lender represents and warrants as follows:

(a) The Lender (i) is not prohibited by the laws of the State from making the Senior Mortgage Loan, (ii) is organized and operated for the purposes, among others, of making mortgage loans to provide financing for the acquisition, construction and equipping of multifamily residential rental developments and of issuing mortgage-backed securities guaranteed by Ginnie Mae to obtain funds to make such mortgage loans, (iii) has full lawful power and authority under its organizational documents and applicable laws to execute and deliver this Agreement, and, upon Initial Endorsement of the Senior Mortgage Note by FHA for FHA Insurance, to issue and deliver the Ginnie Mae Certificates and to perform its obligations hereunder and thereunder, and (iv) by proper action has duly authorized the execution and delivery of this Agreement and will take all such actions within its power and control necessary to effect the issuance and delivery of the Ginnie Mae Certificates.

(b) This Agreement constitutes the legal, valid and binding obligation of the Lender enforceable in accordance with its terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting creditors' rights and/or equitable principles.

(c) The execution and delivery of this Agreement and each of the Ginnie Mae Documents to which it is a party and the delivery of the Ginnie Mae Certificates, and the consummation of the transactions contemplated hereby and thereby, do not conflict with or constitute a breach of or a default under the Lender's organizational documents or, to its best knowledge after reasonable investigation, under the terms and conditions of any agreement or commitment to which the Lender is a party or by which the Lender is bound.

(d) There is no action, suit, proceeding, inquiry or investigation by or before any court, governmental agency, public board or body pending in which the Lender has been served with process or, to the knowledge of the Lender, otherwise pending or threatened against the Lender, which questions or materially and adversely affects the power or authority of the Lender to carry out the transactions contemplated by, or to be performed under, this Agreement, any of the Ginnie Mae Documents to which it is a party or the Ginnie Mae Certificates.

(e) The Lender (i) is an FHA approved mortgagee and, as such, is authorized to originate and service mortgage loans insured by FHA under Section 221(d)(4) of the National Housing Act and (ii) meets all the issuer eligibility requirements (including net worth requirements) of and is approved by Ginnie Mae to issue mortgage-backed securities guaranteed by Ginnie Mae pursuant to Section 306(g) of Title III of the National Housing Act.

(f) This Agreement has been submitted to the Lender for examination, and the Lender acknowledges, by execution of this Agreement, that it has reviewed and understands and approves this Agreement.



(g) The Lender has reserved \$38,500,000 of its commitment authority granted by Ginnie Mae to issue mortgage-backed securities for the issuance of the Construction Loan Certificates and the Project Loan Certificate contemplated by this Agreement and such reservation with respect to the Project Loan Certificate shall not terminate, if at all, until a date which is subsequent to the Construction Loan Certificate Maturity Date, as the same may be extended.

(h) The Lender acknowledges, represents and warrants that it has not relied on the Issuer, the Issuer's counsel, the Administrative Agent, the Purchasers or Bond Counsel for any guidance or expertise in analyzing the financial or other consequences of the transactions contemplated by this Agreement, the Regulatory Agreement and the other Bond Documents or otherwise relied on the Issuer or the Issuer's counsel or Bond Counsel in any manner.

Section 6.2. *Representation by the Escrow Agent.* The Escrow Agent represents and warrants as follows:

(a) The Escrow Agent (i) has full lawful power and authority under its organizational documents and applicable laws to execute and deliver this Agreement and the Escrow Agreement and to perform its obligations hereunder and thereunder and (ii) by proper action has duly authorized the execution and delivery of this Agreement.

(b) This Agreement and the Escrow Agreement constitute the legal, valid and binding obligations of the Escrow Agent enforceable in accordance with their terms, except as limited by bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and other laws affecting creditors' rights and/or equitable principles.

(c) The execution and delivery of this Agreement and the Escrow Agreement and the consummation of the transactions contemplated hereby and thereby, do not conflict with or constitute a breach of or a default under the Escrow Agent's organizational documents or, to its knowledge, under the terms and conditions of any agreement or commitment to which the Escrow Agent is a party or by which the Escrow Agent is bound.

## ARTICLE VII.

### Acquisition of Bonds; Registration and Transfer

Section 7.1. *Acquisition of Bonds for Account of the Purchaser; Registration and Transfer.* Upon delivery of the Bonds by the Issuer, together with an authentication order, the Escrow Agent shall authenticate the Bonds for delivery to the Purchasers. Except as provided in the third paragraph of this Section 7.1, the Escrow Agent, as registrar, shall maintain the registration records containing the names and addresses of the registered owner or owners of the Bonds and shall register the Bonds on behalf of the Issuer. Each Purchaser represents and warrants that it will acquire the Bonds for its own account and that it has no present intention of making any distribution or disposition of the Bonds. The Person in whose name any Bond shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of or on account of the principal of and interest on such Bond shall be made only to or upon the order of the registered owner thereof, or its legal representative.

Each Purchaser agrees that its Bonds shall not be sold, pledged, disposed of or transferred (collectively, "*Disposed*" or a "*Disposal*") prior to delivery of the respective Project Loan Certificate to such Purchaser or its nominee, other than in whole to a single Approved Investor which, if the Senior Mortgage Loan has not been fully Advanced, has entered into a trade agreement with the Lender to acquire the remaining Construction Loan Certificates and who shall become a Purchaser hereunder, at which time the Issuer shall deliver a replacement Bond for authentication by the Escrow Agent for delivery to such Purchaser. The Bonds shall not be Disposed of after delivery of the Project Loan Certificate to a Purchaser or its nominee, other than in whole to a single Approved Investor, except as provided in the following paragraph. Any request delivered to the Registrar for a transfer made by a Purchaser shall be accompanied with an instruction letter in which the person proposing the transfer of the Bond certifies that the conditions for the proposed transfer provided above have been satisfied. The Escrow Agent, as registrar, is authorized and directed to put a stop order on the registration records in regard to the restrictions on the transfer of the Bonds and may conclusively rely on such instruction letter without a duty or obligation of any investigation with respect thereto.

After delivery of the Project Loan Certificate to a Purchaser, the applicable Bonds may be Disposed of by a Purchaser to Approved Investors in minimum principal amounts of \$1,000,000, upon delivery to the Issuer, the Administrative Agent, the Escrow Agent, the Lender and the Borrower of an Investor Letter from the prospective transferee, but only if prior to any such Disposal, the Escrow Agent or any other financial institution described below and appointed by the Issuer shall have been appointed to act as bond trustee, bond registrar and fiduciary on behalf of the owners of the applicable Bonds. Each such financial institution shall (i) be a bank or trust company in good standing, (ii) have a reported capital and surplus of not less than \$50,000,000, and (iii) be willing, qualified and able to accept such trust upon reasonable or customary terms. The fees of any such financial institution shall be paid by the Borrower.

No transfer of Bonds shall be effective unless and until the applicable Purchaser or the Administrative Agent also transfers to the transferee Ginnie Mae Certificates in a principal amount equal to the principal amount of the Bonds that are being transferred. Notwithstanding

the above, in the event that such Purchaser Disposes of its interest in the Ginnie Mae Certificates or a portion thereof as security for other obligations of such Purchaser pursuant to Section 2.8(d) hereof, or after the date there are any Lost Ginnie Mae Certificates, there shall be no sale and transfer of the Bonds in a principal amount in excess of the principal amount of the Bonds secured by the portion, if any, of the Ginnie Mae Certificates that are not so Disposed or the Ginnie Mae Certificates that are not Lost Ginnie Mae Certificates, as the case may be.

THE APPLICABLE PURCHASER AND ANY TRANSFEREE SHALL AGREE TO INDEMNIFY THE ISSUER FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES AND EXPENSES) THAT MAY RESULT IF THE REPRESENTATIONS OF SUCH PURCHASER OR TRANSFEREE, RESPECTIVELY, CONTAINED IN ITS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT.

Nothing herein shall prohibit a Purchaser from selling participations, receipts evidencing ownership or other participatory interests in its Bonds without delivery of an Investor Letter from the purchaser of any such participations or receipts evidencing ownership, *provided* that each purchaser of any such participations, receipts evidencing ownership or other participatory interests shall meet the qualifications of an Approved Investor. The Issuer agrees to execute, acknowledge and deliver, at that Purchaser's expense, such further instruments as that Purchaser may reasonably request to effectuate any transaction establishing such participations, receipts evidencing ownership or other participatory interests by that Purchaser.

## ARTICLE VIII.

### General Covenants

So long as any amount is due and owing hereunder, the Borrower covenants and agrees that, except to the extent that the Administrative Agent, the Lender, and the Issuer shall otherwise consent in writing, each of the following covenants shall be performed and complied with:

Section 8.1. *Conduct of Business; Maintenance of Existence; Mergers.* The Borrower will (i) engage solely in the business of financing, owning and operating the Project Facilities, and activities incident thereto, (ii) preserve and maintain in full force and effect its existence as a limited partnership under the Legal Requirements of the state of its organization, and its rights and privileges and its qualification to do business in the State, (iii) not dissolve or otherwise dispose of all or substantially all of its assets and (iv) not consolidate with or merge into another entity or permit one or more other entities to consolidate with or merge into it.

Section 8.2. *Compliance with Legal Requirements.* The Borrower will comply with all Legal Requirements applicable to the Borrower or the Project Facilities. The Borrower hereby agrees that the Project Facilities will be owned, managed and operated as a "residential development" within the meaning of Section 394.003(13) of the Act.

Section 8.3. *Maintenance of Governmental Authorizations.* The Borrower will maintain in full force and effect all of its Governmental Actions and qualifications necessary for the conduct of its business as it is presently being conducted and the ownership and operation of its facilities as they are presently being operated.

Section 8.4. *Maintenance of Insurance.* At all times throughout the term hereof, the Borrower shall, at its sole cost and expense, maintain or cause to be maintained insurance on the Project Facilities against such risks and for such amounts as are customarily insured against by facilities of like size and type and shall pay, as the same become due and payable, all premiums with respect thereto.

Section 8.5. *Compliance with Other Contracts and Bond Documents.* The Borrower will comply with all of its covenants and agreements under the Bond Documents, as the same may hereafter be amended or supplemented from time to time, and each of such covenants is incorporated herein by reference as if fully set forth herein. The Borrower shall comply in all material respects with, or cause to be complied with, all requirements and conditions of all material contracts or restrictions binding on, relating to or affecting the Borrower, the General Partner or any of their respective assets, or relating to the Project Facilities. The Borrower shall not take any action which would adversely affect the exclusion from gross income of interest on the Bonds, nor shall the Borrower omit or fail to take any action required to maintain the exclusion from gross income of interest on the Bonds.

Section 8.6. *Maintenance of Properties.* The Borrower will, at its sole expense, maintain and preserve, or cause to be maintained and preserved, the Project Facilities in good working order and repair, fit for the purposes for which the Project Facilities were originally erected; not

permit, commit or suffer any waste of any of its properties; not use (and use reasonable efforts to not permit tenants to use) any of the Project Facilities for any unlawful purpose and use reasonable efforts to not permit any nuisance to exist thereon; promptly make such repairs or replacements (structural or nonstructural, foreseen or unforeseen) as are required for the proper operation, repair and maintenance of the Project Facilities in an economical and efficient manner and consistent with customary and prudent practices, standards and procedures applicable to properties of like size and type; perform all repairs or replacements in a good and workmanlike manner, and in compliance with all applicable Legal Requirements; keep and maintain abutting grounds, sidewalks, roads, parking and landscape areas which may be owned by the Borrower in good and neat order and repair; not take (or fail to take) any action, which if taken (or not so taken) would increase in any way the risk of fire or other hazard occurring to or affecting any of the Project Facilities; and not sell, lease (other than pursuant to residential leases), cause a sale of or otherwise dispose of any part of its properties, except as otherwise permitted hereunder and under the other Bond Documents.

Section 8.7. *Inspection Rights.* The Borrower will, at any reasonable time and from time to time, permit the Administrative Agent, the Purchasers, the Issuer, the Lender, and the agents or representatives of the Administrative Agent, the Purchasers, the Issuer, and the Lender, to examine and copy and make abstracts from the records and books of account of, and visit the properties of, the Borrower, and to discuss the affairs, finances and accounts of the Borrower with the General Partner and its accountant. Upon reasonable prior notice, and subject to the rights of tenants, the Borrower will permit the Issuer, the Administrative Agent, the Purchasers, or the Lender to inspect, or cause to be inspected, the Project Facilities at any reasonable time or times as the Purchaser may direct. The Borrower shall pay or reimburse the Administrative Agent and the Purchasers on demand for reasonable and necessary advances and expenses incurred in connection with such inspections.

Section 8.8. *Keeping of Books.* The Borrower will keep proper books of record and account, in which full and correct entries shall be made of financial transactions and the assets and operations of the Borrower in accordance with GAAP, and have a complete audit of such books of record and account made by its accountant for each Fiscal Year.

Section 8.9. *Reporting Requirements.* The Borrower will furnish or cause to be furnished to the Administrative Agent, the Purchasers and the Issuer the following in form satisfactory to the Administrative Agent, the Purchasers and the Issuer and in such number of copies as the Administrative Agent and the Purchasers may reasonably require:

(a) As soon as available and in any event within one hundred twenty (120) days after the close of each Fiscal Year of the Borrower audited financial statements for the Borrower, on a consolidated basis, including a balance sheet and related statements of income and changes in financial position as of the end of such Fiscal Year and for such Fiscal Year, which shall be prepared and reported on without qualification by the accountant in accordance with GAAP, and shall fairly present the financial condition of the Borrower and the Project Facilities as of the end of such Fiscal Year;

(b) Simultaneously with the delivery of the audited financial statements delivered pursuant to paragraph (a) above, a certificate stating, to the knowledge of the Borrower, that no

Determination of Taxability has occurred and that there exists on the date of such certificate no Event of Default or, if any Event of Default or Determination of Taxability then exists, setting forth the details thereof and the action that the Borrower is taking or proposes to take with respect thereto; and

(c) Such other information respecting the operations and properties, financial or otherwise, of the Borrower as the Administrative Agent, the Purchasers or the Lender, may from time to time reasonably request.

Section 8.10. *Tax-Exempt Status.* The Borrower covenants, represents and agrees to comply with the provisions of the Tax Certificate and the Project Certificate and that it will not take or omit to take or permit any action that would adversely affect the exclusion of interest on the Bonds from the gross income of the recipients thereof for federal income tax purposes and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof and that the Borrower will take such action or actions, including amendment of this Agreement, the Senior Mortgage, the Subordinate Mortgage and the Regulatory Agreement, as may be necessary, in the Opinion of Bond Counsel, to comply fully with all applicable rules, rulings, policies, procedures, regulations or other official statements promulgated or proposed by the Department of the Treasury or the Internal Revenue Service applicable to the Bonds or affecting the Project Facilities. Further, the Borrower shall not permit the ownership in the Borrower, the General Partner or any Affiliate thereof to be modified without the prior written consent of the Issuer, the Administrative Agent, and, if as a result thereof a Substantial User of the Project Facilities shall become a Related Person to a Purchaser, written consent shall be obtained from such Purchaser. Further, except with the prior written approval of the Administrative Agent, the Borrower agrees to construct, develop and operate the Project in such a manner as to assure that such Purchaser is not or will not be a Substantial User or Related Person to a Substantial User and, if it should take or permit any such action, the Borrower will take all lawful actions that it can take to rescind such action promptly upon having knowledge thereof. The Borrower shall not amend or modify its management agreement or management of the Project without the prior written consent of the Administrative Agent and the Issuer.

The Borrower will not make or permit any use, and will not direct the Administrative Agent, the Escrow Agent or the Lender to make any investment or use of the proceeds of the Bonds, which would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the Regulations thereunder as the same may be applicable to the Bonds at the time of such action, investment or use and agrees to take and cause the Issuer, the Escrow Agent, the Administrative Agent and the Lender to take all actions required to comply with the provisions of Section 148 of the Code. The Escrow Agent shall not be responsible for the Bonds becoming "arbitrage bonds" in following the investment instructions of the Borrower or the Administrative Agent.

The Borrower further covenants and agrees that it will comply with and will take all action reasonably required to comply with all applicable requirements of said Section 148 and the rules and regulations of the United States Treasury Department thereunder relating to the Bonds and the interest thereon, including the employment of the Rebate Analyst for the calculation of any rebatable amount (the "*Rebate Amount*") to the United States Treasury

Department. The Borrower agrees that it will cause the Rebate Analyst to calculate the Rebate Amount not later than forty-five (45) days after the fifth anniversary of the Issue Date and each five (5) years thereafter and agrees that the Borrower will pay all costs associated therewith. Within fifteen (15) days of the date of each such calculation, the Borrower shall promptly deliver a report or letter from the Rebate Analyst setting forth the Rebate Amount, if any, then due and the methods used to calculate such amount (each a "*Rebate Report*") to the Issuer and the Administrative Agent. In addition, the Borrower shall prepare, or cause the Rebate Analyst to prepare, and file any forms required by the Internal Revenue Service to be submitted with the Rebate Amount, if any.

Neither the Borrower, any Substantial User nor any Related Person shall, pursuant to any arrangement, formal or informal, purchase or acquire Bonds, unless the Borrower or such Substantial User or Related Person delivers a favorable Opinion of Bond Counsel to the Administrative Agent and the Issuer.

No changes will be made to the Project Facilities, no actions will be taken by the Borrower and the Borrower will not omit to take any actions, which will in any way adversely affect the tax-exempt status of the Bonds.

The Borrower will not make any changes in the Project Facilities that would, at the time made, cause the average reasonably expected economic life of the Project Facilities, determined pursuant to Section 147(b) of the Code, to be less than the average reasonably expected economic life of the Project set forth in such certificates or letters of representation of the Borrower, unless the Borrower files with the Administrative Agent, the Issuer, and the Lender a favorable Opinion of Bond Counsel that such changes to the Project Facilities will not result in loss of the exclusion of interest on the Bonds from gross income for federal income tax purposes.

The Issuer covenants and agrees that it will, solely at the written request of the Borrower and at the expense of the Borrower, take or cause to be taken all required actions reasonably within its control, to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds.

Section 8.11. *Negative Pledge; No Sale.* (a) The Borrower will not create, incur, assume or permit to exist any mortgage, pledge, security interest, encumbrance or other lien upon the Project Site, the Project Facilities or any property, tangible or intangible, now owned or hereafter acquired (including without limitation property leased to or being acquired by the Borrower under capital leases or installment sale agreements), of the Borrower (the sale with recourse of receivables or any "sale and lease back" of any fixed assets being deemed to be the giving of a lien thereon for money borrowed), other than Permitted Encumbrances.

(b) The Borrower shall not sell, assign, transfer, convey or otherwise dispose of the Project Site, Project Facilities, or any part thereof (other than apartment leases, typical utility easements required for the operation of the Project and the sale of obsolete equipment), or permit or consent to a sale without in each instance obtaining the express written consent of the Administrative Agent, the Lender and the Issuer, which consent may be withheld or granted (subject to the payment of such fees and the satisfaction of other conditions as set forth in the

applicable Senior Mortgage) in the Administrative Agent's, the Lender's or the Issuer's sole and absolute discretion.

Section 8.12. *Environmental Covenants.* The Borrower will cause all activities at the Project Facilities during the term of this Agreement to be conducted in full compliance with all applicable Environmental Laws. The Borrower shall obtain and maintain all required permits and approvals from any Governmental Authority regarding Environmental Laws and shall comply with the terms of such permits and approvals.

Section 8.13. *Tax Returns.* The General Partner will timely file all tax returns for itself and for the Borrower, pay or cause to be paid when due all taxes imposed on their operations, assets, income or properties, and, upon request, provide to the Administrative Agent copies of such returns and receipts for payment of such taxes. Nothing contained herein shall limit, restrict or condition Borrower's right to challenge, contest, appeal or dispute any alleged tax liability, deficiency, obligation, penalty or assessment.

Section 8.14. *Leases or Subleases.* Except as described in Section 5.7 hereof, the Borrower hereby represents that there are no leases, subleases or agreements to lease or sublease all or any part of the Project Facilities now in effect except for leases or subleases to residential tenants in compliance with the Regulatory Agreement, and leases or subleases for services associated with residential rental properties (such as laundry and cable leases).

Section 8.15. *Further Assurances.* The Borrower will promptly and duly execute, acknowledge and deliver from time to time such further instruments and take such further actions as may be reasonably required to carry out the purposes and provisions of this Agreement and the other Bond Documents to confirm the priority and/or perfection of any lien, pledge, assignment or security interest created or intended to be created by this Agreement and to assure the Administrative Agent of the subrogation and security rights in favor of the Purchaser contemplated by this Agreement, by the other Bond Documents.

Section 8.16. *Determination of Taxability; Increased Costs.* (a) Neither the Borrower nor the General Partner shall admit in writing to the Issuer, the Escrow Agent, the Administrative Agent, the Lender or the Purchasers that interest on the Bonds has become includable in gross income for purposes of federal income taxation without first providing reasonable advance notice to the Administrative Agent and permitting the Administrative Agent, at its or their sole discretion and at its expense, to contest such conclusion. Promptly after the Borrower first becomes aware of any Determination of Taxability or an event that could trigger a Determination of Taxability, the Borrower shall give written notice thereof to the Issuer, the Lender, the Administrative Agent and the Purchasers.

(b) If either of the following shall occur:

(i) a Determination of Taxability, or

(ii) other than due to matters constituting a Determination of Taxability, the Administrative Agent shall reasonably determine (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto) that any law, treaty or governmental rule, regulation or order, or any change therein or in the



interpretation, administration or application thereof (including the introduction of any new law, treaty or governmental rule, regulation or order), or any determination of a court or governmental authority, in each case that becomes effective after the date hereof, or compliance by the Purchasers with any guideline, request or directive issued or made after the date hereof by any central bank or other governmental or quasi-governmental authority (whether or not having the force of law):

(A) subjects any Purchaser to any additional tax (other than any tax on the overall net income of such Purchaser) with respect to the Bonds, the transactions contemplated by the Bonds and this Agreement, any of the Purchaser's obligations hereunder or any payments to the Purchaser of principal, interest, penalties, fees or any other amount payable hereunder or under the Bonds;

(B) imposes, modifies or holds applicable any reserve (including any marginal, emergency, supplemental, special or other reserve), special deposit, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, or advances or loans by, or other credit extended by, or any other acquisition of funds by, any office of Purchaser; or

(C) imposes any other condition on or affecting the Purchaser (or its applicable lending office) or its obligations under this Agreement;

and the result of any of the foregoing events described in (i) or (ii) above is:

(x) to increase the cost to any Purchaser of purchasing or owning the Bonds,  
or

(y) to reduce the amount of interest, or any amount received or receivable by any Purchaser (or its applicable lending office) with respect to the Bonds, or

(z) to require any Purchaser to make any payment or to forego any interest or other sum payable under the Bonds, the amount of which payment or foregone interest or other sum is calculated by reference to the gross amount of any sum receivable or deemed received by such Purchaser from the Issuer under the Bonds, including any federal income taxes due on the interest (including Additional Interest) on the Bonds;

then, in any such case, the Borrower shall pay or caused to be paid to such Purchaser, upon receipt of the statement referred to in the next sentence, such additional amount or amounts (in the form of a fee, or otherwise as such Purchaser in its sole discretion shall determine) as may be necessary to compensate such Purchaser for any such increased cost or reduction in amounts received or receivable hereunder; *provided, however*, that the total interest paid on the Bonds shall not exceed the highest lawful rate prescribed by Texas Government Code Section 1204.006(a) or under any other law which a court of competent jurisdiction may deem applicable hereto. Such Purchaser shall deliver to the Issuer and the Borrower a written statement setting forth in reasonable detail the basis for calculating the additional amounts owed to such Purchaser under this Section 8.16(b), which statement shall be conclusive and binding upon all parties hereto absent manifest error.

Any amounts due under this Section 8.16(b) shall be payable, pursuant to, and subject to, the terms of the Subordinate Mortgage, solely from Surplus Cash, as detailed in Article 9 of the Borrower's limited partnership agreement.

Section 8.17. *Use of Proceeds.* The Borrower represents and warrants that the proceeds of the Bonds will be allocated exclusively to pay Qualified Project Costs and that for the greatest possible number of buildings the Bond proceeds will be allocated on a pro rata basis to each building constituting a portion of the Project Facilities and the land on which such building is located, so that each building and the land on which it is located will have been financed 50% or more by the proceeds of the Bonds for the purpose of complying with Section 42(h)(4)(B) of the Code.

Section 8.18. *Borrower's Approval of Assignment of Security Interest.* The Borrower understands that pursuant to the provisions of Section 10.17 hereof, the Issuer, as security for the payment of the principal of and the interest on the Bonds, has assigned and pledged to the Purchasers, and created a security interest in favor of the Purchasers in certain of its rights, title and interest in and to this Agreement (including all payments hereunder and the Ginnie Mae Certificates) reserving, however, the Reserved Rights; and the Borrower hereby agrees and consents to such assignment and pledge. By its execution of this Agreement, the Borrower acknowledges that it has approved, has agreed to and is bound by such assignment. The Borrower agrees that the Administrative Agent shall be entitled to enforce and to benefit from the terms and conditions of this Agreement that relate to it or the Purchasers for the benefit of and on behalf of the Purchasers.

Section 8.19. *Indemnification.* Each of the Borrower and Pedcor Investments, A Limited Liability Company separately indemnifies and holds harmless the Issuer and each of its Affiliates (and each of the Issuer's and its Affiliates' respective directors, officers, employees, representatives and agents), the Administrative Agent, the Escrow Agent and each of its Affiliates (and each of the Escrow Agent's and its Affiliates' respective directors, officers, employees, representatives and agents) and each Purchaser and each of its Affiliates (and each of such Purchaser's and its Affiliates' respective directors, officers, employees, representatives and agents) (collectively, the "*Indemnified Parties*") except as limited below, from and against any and all claims, damages, losses, liabilities, costs or expenses (including attorneys' fees for counsel of each of the Indemnified Parties' choice) whatsoever which the Indemnified Parties may incur (or which may be claimed against any of the Indemnified Parties by any person or entity whatsoever) by reason of or in connection with:

(a) any breach by the Borrower of any representation, warranty, covenant, term or condition in, or the occurrence of any default or Event of Default under, this Agreement or the other Bond Documents, including all reasonable fees or expenses resulting from the settlement or defense of any claims or liabilities arising as a result of any such breach or default or any Determination of Taxability;

(b) the involvement of any of the Indemnified Parties in any legal suit, investigation, proceeding, inquiry or action as a consequence, direct or indirect, of the Administrative Agent's or a Purchaser's actions taken pursuant to this Agreement or any other event or transaction contemplated by any of the foregoing;

(c) any untrue statement or alleged untrue statement contained or incorporated by reference in any offering or reoffering materials prepared in respect of the Bonds, or any supplement or amendment thereof, or the omission or alleged omission to state therein a material fact necessary to make such statements in light of the circumstances under which they are or were made not misleading;

(d) the acceptance or administration of the Bond Documents or the trusts thereunder or the performance of duties under the Bond Documents or any loss or damage to property or any injury to or death of any person that may be occasioned by any cause whatsoever pertaining to the Project Facilities or the use thereof, including without limitation any lease thereof or assignment of its interest in this Agreement;

(e) any act or omission of the Borrower or any of its agents, contractors, servants, employees or licensees in connection with the Advances or the Project Facilities, the operation of the Project Facilities, or the condition, environmental or otherwise, occupancy, use, possession, conduct or management of work done in or about, or from the planning, design, acquisition, installation or construction of, the Project Facilities or any part thereof;

(f) any Lien (other than a Permitted Encumbrance) or charge upon payments by the Borrower to the Issuer, the Administrative Agent and the Purchasers hereunder, or any taxes (including, without limitation, all ad valorem taxes and sales taxes), assessments, impositions and other charges imposed on the Issuer, the Administrative Agent or the Purchasers in respect of any portion of the Project Facilities;

(g) any violation or alleged violation of any Environmental Law with respect to, or the release of any toxic substance from, the Project Facilities or any part thereof;

(h) the enforcement of, or any action taken by the Issuer, the Administrative Agent or the Purchasers, related to remedies under, this Agreement and the other Bond Documents;

(i) any action, suit, claim, proceeding, audit, inquiry, examination, or investigation of a judicial, legislative, administrative or regulatory nature concerning or related to interest payable on the Bonds not being exempt from federal or state income taxation;

(j) any action, suit, claim or demand contesting or affecting the title of the Project Facilities; and

(k) the investigation of, preparation for or defense of any litigation, proceeding or investigation in connection with the Project Facilities or the transactions to be consummated in connection therewith of any nature whatsoever, commenced or threatened against the Borrower, the Project Facilities or any Indemnified Party.

The indemnification shall include the reasonable costs and expenses of defending itself or investigating any claim of liability and other reasonable expenses and attorneys' fees incurred by the Issuer, the Escrow Agent, the Administrative Agent or the Purchasers. The obligations of the Borrower and Pedcor Investments, A Limited Liability Company under this Section shall survive the termination of this Agreement. Notwithstanding any other provision of this Agreement or the Bond Documents to the contrary, each of the Borrower and Pedcor Investments, A Limited

Liability Company separately agrees (i) not to assert any claim or institute any action or suit against the Purchasers, the Escrow Agent or the Administrative Agent or any of their employees arising from or in connection with any investment of funds made by the Escrow Agent in good faith as directed by the Borrower, the Administrative Agent or a Purchaser, (ii) to indemnify and hold the Administrative Agent and such Purchaser and its employees harmless against any liability, losses, damages, costs, expenses, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any such investment and (iii) to indemnify and hold the Escrow Agent and its employees harmless against any liability, losses, damages, costs, expenses, causes of action, suits, claims, demands and judgments of any nature arising from or in connection with any such investment. Nothing in this Section is intended to limit the Borrower's reimbursement obligations contained in Section 3.1 and 3.3 hereof. Amounts payable to the Issuer, the Escrow Agent, the Administrative Agent, the Purchasers, or the Lender hereunder shall be due and payable five (5) days after demand and will accrue interest at the Default Rate, commencing with the expiration of the five (5) day period. When the Issuer, the Escrow Agent, the Administrative Agent or the Purchasers, or the Lender 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.

**NOTWITHSTANDING ANY PROVISION OF THIS AGREEMENT TO THE CONTRARY, THE ISSUER SHALL BE INDEMNIFIED BY THE BORROWER AND PEDCOR INVESTMENTS, A LIMITED LIABILITY COMPANY WITH RESPECT TO LIABILITIES ARISING FROM THE GROSS NEGLIGENCE, NEGLIGENCE OR BREACH OF CONTRACTUAL DUTY OF THE ISSUER, BUT NOT FOR ANY LIABILITIES ARISING FROM THE BAD FAITH, FRAUD OR WILLFUL MISCONDUCT OF THE ISSUER.**

Any amounts due from the Borrower (but not from Pedcor Investments, A Limited Liability Company) under this Section 8.19 shall be payable pursuant to, and subject to, the terms of the Subordinate Mortgage, solely from Surplus Cash, or from the proceeds of any applicable insurance.

Section 8.20. *Additional Documents.* In connection with the Senior Mortgage Loan, the Lender and the Borrower shall execute and deliver such documents as may be customarily utilized for insured mortgage loans under the provisions of Section 221(d)(4) of the National Housing Act and applicable regulations thereunder, with such omissions, insertions and variations as may be permitted by such regulations and as may be consistent with the terms and provisions of this Agreement, including Sections 10.14 and 10.15 hereof. In connection with the delivery of the Subordinate Mortgage, the Borrower shall execute such additional documents reasonably requested by the Administrative Agent or the Purchasers as may be consistent with the terms and provisions of this Agreement.

## ARTICLE IX.

### Defaults and Remedies

Section 9.1. *Defaults.* Each of the following shall constitute an event of default hereunder ("*Event of Default*"), in each event following notice to the Borrower by the Administrative Agent and the Purchasers and the continuation of such Event of Default for a thirty (30) day period:

(a) Failure by the Borrower to pay any amount required to be paid by the Borrower under this Agreement or any of the other Bond Documents when the same shall become due and payable after the expiration of any notice or cure period; *provided*, that failure to pay any Additional Interest due or past due under the Subordinate Mortgage Note shall not constitute an Event of Default hereunder to the extent that 75% of Surplus Cash is not available or is insufficient to make any such payment in full;

(b) Failure by the Borrower to perform or comply with any terms or conditions contained in this Agreement and any of the other Bond Documents to which the Borrower is a party and continuation of such failure for thirty (30) days after written notice from the Administrative Agent to the Borrower, or such longer period to which the Administrative Agent may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, *provided* that the Borrower or the General Partner shall have commenced, or the Investor Member has caused to be commenced, a cure of such default within such thirty (30) day period and shall complete, or cause to be completed, such cure as quickly as reasonably possible with the exercise of due diligence;

(c) Any of the representations or warranties of the Borrower set forth in this Agreement, any of the other Bond Documents or any other document furnished to the Administrative Agent or the Purchasers pursuant to the terms hereof proves to have been false or misleading in any material respect when made;

(d) Any material provision of this Agreement or any of the other Bond Documents to which the Borrower is a party for any reason ceases to be valid and binding on the Borrower, or is declared to be null and void, or is violative of any applicable Legal Requirement relating to a maximum amount of interest permitted to be contracted for, charged or received, or the validity or enforceability thereof is contested by the Borrower or any Governmental Authority, or the Borrower denies that it has any or further liability or obligation under this Agreement or any of the Bond Documents to which the Borrower is a party;

(e) The occurrence of an Event of Default as defined in the other Bond Documents or an act or event (or failure to act or non-occurrence of an act) which, with the passage of time, the giving of notice or both, would constitute an Event of Default under the Bond Documents;

(f) An Act of Bankruptcy of the Borrower;

(g) An Event of Default under the Senior Mortgage Loan Documents or the Regulatory Agreement; or

- (h) Failure to deliver the Project Loan Certificate by the Delivery Date.

Section 9.2. *Remedies.* If an Event of Default has occurred and is continuing uncured, the Administrative Agent, acting in its sole discretion, but subject to the Administrative Agency Agreement, may, subject to Sections 10.14 and 10.15 hereof:

(a) Declare the principal amount of the Bonds then Outstanding and the interest accrued thereon to be due and payable;

(b) Enter upon the Project Facilities and take possession thereof, together with the Improvements in the course of construction or completed and all of the Borrower's materials, supplies, tools, equipment and construction facilities and appliances located thereon, and proceed either in the name of the Purchasers or in the name of the Borrower (and the Borrower hereby appoints the Administrative Agent as the attorney-in-fact of the Borrower, which authority is coupled with an interest and is irrevocable by the Borrower for such purposes) as the Administrative Agent shall elect, to complete the construction of the Improvements at the cost and expense of the Borrower or from moneys held in the Construction Fund, as determined by the Administrative Agent. If the Administrative Agent elects to complete or cause the construction of the Improvements to be so completed, it may do so according to the terms of the plans and specifications or as the Administrative Agent shall deem expedient or necessary, and the Administrative Agent may enforce or cancel all contracts entered into as aforesaid or make other contracts which in the Administrative Agent's reasonable opinion may seem advisable, and the Borrower shall be liable, under this Agreement or any note given by it pursuant to the provisions hereof, to pay the Administrative Agent upon demand any amount or amounts expended by the Administrative Agent or its representatives for such performance, together with any costs, charges or expenses incident thereto or otherwise incurred or expended by the Administrative Agent or its representatives on behalf of the Borrower in connection with the Improvements, and the amounts so expended shall bear interest at the Default Rate, and shall be considered part of the indebtedness evidenced by this Agreement and secured by the Senior Mortgage;

(c) Exercise, or cause to be exercised, any and all such remedies as it may have under this Agreement or any of the other Bond Documents by a suit in equity or action at law, including for the right to disburse and control the use of the Construction Fund, specific performance of any covenant or agreement contained in this Agreement or the other Bond Documents, or by mandamus or other appropriate proceeding for the enforcement of any other legal or equitable remedy as the Administrative Agent determines, or by foreclosing the Subordinate Mortgage; and

(d) Sell the Ginnie Mae Certificates; *provided* that the Lender shall have the right, upon payment of the principal amount on the Ginnie Mae Certificates, plus accrued interest thereon, to purchase the Ginnie Mae Certificates from the Purchasers.

The Administrative Agent shall be authorized to apply all proceeds derived from the exercise of such remedies, plus any moneys held in the Construction Fund, to pay the principal of and interest on the Bonds and all other amounts due and owing under this Agreement (including but not limited to the Issuer's Administrative Fee and the Escrow Agent's Fee). In the

event the proceeds derived from such sale, plus any moneys held in the Construction Fund, are at least sufficient to pay the Bonds in full and all other amounts due and owing under this Agreement (including but not limited to the Issuer's Administrative Fee), the Borrower shall be entitled to any excess proceeds. Notwithstanding anything contained herein to the contrary, the occurrence and continuance of an Event of Default shall not relieve the Escrow Agent of its obligations to advance funds for the purchase of Ginnie Mae Certificates by the Administrative Agent from moneys held in the Construction Fund in accordance with the terms of this Agreement unless and until (i) Lender or HUD declares a default under the Senior Loan Documents, or (ii) the Delivery Date has passed and has not been extended pursuant to the terms and provisions of this Agreement.

Section 9.3. *No Waivers; Consents.* No waiver of, or consent with respect to, any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Administrative Agent, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which it was given.

Section 9.4. *No Waiver; Remedies Cumulative.* No failure on the part of the Administrative Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; and no single or partial exercise of any right hereunder shall preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies available under any other document or at law or in equity.

Section 9.5. *Borrower to Give Notice of Default.* The Borrower covenants that it will, at the expense of the Borrower, promptly give to the Purchasers, the Lender, the Administrative Agent, the Escrow Agent, the Issuer and the Investor Member Partner written notice of any Default or Event of Default of which it shall have actual knowledge or written notice.

Section 9.6. *Cure by Investor Member.* Notwithstanding anything to the contrary contained herein, the Issuer, the Administrative Agent and the Purchasers hereby agree that any cure of any default made or tendered by the Investor Member shall be deemed to be a cure by the Borrower, and shall be accepted or rejected on the same basis as if made or tendered by the Borrower; *provided, however*, that the Investor Member shall not have any obligation or duty to take any action to cure any default or to cause any default to be cured.

Section 9.7. *Attorney Fees.* Upon the occurrence of an Event of Default under this Agreement, if the Issuer, the Administrative Agent or a Purchaser employs attorneys or incurs other expenses for the collection of amounts payable hereunder or for the enforcement of the performance or observance of any covenants or agreements on the part of the Borrower herein contained, whether or not suit is commenced, the Borrower and Pedcor Investments, A Limited Liability Company, agree that they will on demand therefor pay to the Issuer, the Administrative Agent or the Purchasers, as applicable, the reasonable fees of such attorneys to the extent actually incurred and such other reasonable expenses so incurred by the Issuer, the Administrative Agent or such Purchaser.

## **ARTICLE X.**

### **Miscellaneous**

Section 10.1. *Notices.* All notices and other communications provided for hereunder shall be in writing and sent by facsimile and by reputable overnight mail service or private delivery service addressed as follows:

To the Issuer:	San Antonio Housing Trust Finance Corporation 2515 Blanco Road San Antonio, TX 78212 Attention: Executive Director
with a copy to:	Norton Rose Fulbright US LLP 300 Convent Street, Suite 2100 San Antonio, TX 78205 Attention: James P. Plummer
To the Borrower:	Pedcor Investments-2016-CLVI, L.P. c/o Pedcor Investments One Pedcor Square 770 3rd Avenue, S.W. Carmel, IN 46032 Attention: Thomas G. Crowe
with a copy to:	Pedcor Investments One Pedcor Square 770 3rd Avenue, S.W. Carmel, IN 46032 Attention: Jeremy R. Buchanan, Vice President and Legal Counsel
To the Investor Member:	U.S. Bancorp Community Development Corporation 1307 Washington Avenue, Suite 300 Mail Code: SL MO RMCD St. Louis, MO 63103 Attention: Director of LIHTC Asset Management Telephone: (314) 335-2600 Telecopy: (314) 335-2601
with a copy to:	Kutak Rock LLP 1650 Farnam Street Omaha, Nebraska 68102 Attention: Jill H. Goldstein, Esq. Telephone: (402) 346-6000 Telecopy: (402) 346-1148



To UFB: United Fidelity Bank, fsb  
18 NW Fourth Street  
Evansville, IN 46698  
Attention: Donald R. Neel, President and CEO

To ICB: International City Bank, N.A.  
249 E. Ocean Blvd.  
Long Beach, CA 90802  
Attention: President and CEO

To the Lender: P/R Mortgage & Investment Corp.  
11555 N. Meridian Street, Suite 400  
Carmel, IN 46032  
Attention: Michael R. Dury

with a copy to: Wooden & McLaughlin, LLP  
One Indiana Square  
211 N. Pennsylvania, Suite 1800  
Indianapolis, IN 46204  
Attention: John W. Hamilton

To the Escrow Agent: BOKF, NA  
801 Cherry Street, Suite 3325  
Fort Worth, TX 76102  
Attention: Corporate Trust Department  
Telephone: (817) 348-5797  
Facsimile: (972) 581-8913  
Email: pblack@bankoftexas.com

The parties listed above may change the address to which notices to it are to be sent by written notice given to the other persons listed in this Section. All notices shall, when sent as aforesaid, be effective when received.

Section 10.2. *Successors and Assigns.* This Agreement shall inure to the benefit of and shall be binding upon the parties hereto and their respective successors and assigns, including but not limited to the Administrative Agent and the Purchasers. The Borrower may not assign its rights under this Agreement without the prior written consent of the Administrative Agent on behalf of the Purchasers. The Borrower and the Issuer intend that no person other than the parties hereto and their successors and assigns as permitted hereunder, shall have any claim or interest under this Agreement or right of action hereon or hereunder.

Section 10.3. *Survival of Covenants.* All covenants made by the Borrower herein and in any document delivered pursuant hereto shall survive the delivery of this Agreement and the payment of any amounts under the Bond Documents.

Section 10.4. *Counterparts.* The execution hereof by each party hereto shall constitute a contract between them for the uses and purposes herein set forth, and this Agreement may be

executed in any number of counterparts, with each executed counterpart constituting an original and all counterparts together constituting one agreement.

Section 10.5. *Costs, Expenses and Taxes.* The Borrower and Pedcor Investments, A Limited Liability Company, agree to pay at closing and thereafter within 30 days after demand, all reasonable costs and expenses of the Issuer, the Administrative Agent, the Escrow Agent and the Purchasers in connection with the preparation, execution, delivery and administration of this Agreement, the other Bond Documents and any other documents that may be delivered in connection with this Agreement or the Bond Documents or any amendments or supplements thereto, including, without limitation, the reasonable fees and expenses of Bond Counsel, Issuer's counsel, the Rebate Analyst, the Administrative Agent and counsel for a Purchaser with respect thereto and with respect to advising such Purchaser as to their respective rights and responsibilities under this Agreement, the other Bond Documents and such other documents, and all costs and expenses, if any, (including, without limitation, reasonable counsel fees and expenses of the Purchaser) in connection with the enforcement of this Agreement, the other Bond Documents and such other documents.

Section 10.6. *Severability; Interest Limitation.* If any provision hereof is found by a court of competent jurisdiction to be prohibited or unenforceable in any jurisdiction, it shall be ineffective as to such jurisdiction only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate the balance of such provision as to such jurisdiction to the extent it is not prohibited or unenforceable, nor invalidate such provision in any other jurisdiction, nor invalidate the other provisions hereof, all of which shall be liberally construed in favor of the Issuer in order to effect the provisions of this Agreement. Notwithstanding anything to the contrary herein contained, the total liability of the Borrower for payment of interest pursuant hereto shall not exceed the highest lawful rate prescribed by Texas Government Code Section 1204.006(a), and if any payments by the Borrower to the Purchasers include interest in excess of such a maximum rate, the Purchasers shall apply such excess to the reduction of the unpaid principal amount due pursuant hereto, or if none is due, such excess shall be refunded to the Borrower; *provided* that, to the extent permitted by applicable Legal Requirements, in the event the interest is not collected, is applied to principal or is refunded pursuant to this sentence and interest thereafter payable pursuant hereto shall be less than such maximum amount, then such interest thereafter so payable shall be increased up to such maximum amount to the extent necessary to recover the amount of interest, if any, theretofore uncollected, applied to principal or refunded pursuant to this sentence. Any such application or refund shall not cure or waive any Event of Default. In determining whether or not any interest payable under this Agreement exceeds the highest rate permitted by applicable Legal Requirements, any non-principal payment (except payments specifically stated in this Agreement to be "interest") shall be deemed, to the extent permitted by applicable Legal Requirements, to be an expense, fee, premium or penalty rather than interest. This paragraph shall control every other provision of the Bond Documents.

Section 10.7. *Conflicts.* Insofar as possible the provisions of this Agreement shall be deemed complementary to the terms of the other Bond Documents, but in the event of conflict the terms hereof shall control to the extent such are enforceable under applicable Legal Requirements.

Section 10.8. *Complete Agreement.* Taken together with the other Bond Documents and the other instruments and documents delivered in compliance herewith, this Agreement is a complete memorandum of the agreement of the Borrower, the Escrow Agent, the General Partner, the Purchasers, the Administrative Agent, the Lender and the Issuer.

Section 10.9. *Consent to Jurisdiction; Venue; Waiver of Jury Trial.* The parties hereby irrevocably (i) agree that any suit, action or other legal proceeding to which the Issuer is a party arising out of or relating to this Agreement or the other Bond Documents shall be brought solely in a federal or state court located in the State and consent to the jurisdiction of such court in any such suit, action or proceeding, (ii) agree that any suit, action or other legal proceeding to which the Issuer is not a party arising out of or relating to this Agreement or the other Bond Documents shall be brought solely in a federal or state court located in the State of Indiana and consent to the jurisdiction of such court in any such suit, action or proceeding, and (iii) waive any objection which it may have to the laying of venue of any such suit, action or proceeding in any such court and any claim that any such suit, action or proceeding has been brought in an inconvenient forum. The parties hereby irrevocably consent to the service of any and all process in any such suit, action or proceeding by mailing of copies of such process to such party at its address provided under or pursuant to Section 10.1 hereof. The parties agree that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by applicable Legal Requirements. All mailings under this Section shall be by certified or registered mail, return receipt requested. Nothing in this Section shall affect the right of the Purchaser to serve legal process in any other manner permitted by applicable Legal Requirements. THE PARTIES HERETO HEREBY WAIVE THE RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING HEREUNDER OR UNDER THIS AGREEMENT, ANY OF THE OTHER BOND DOCUMENTS OR OTHERWISE IN CONNECTION HEREWITH.

Section 10.10. *Governing Law.* This Agreement shall be governed by, and construed in accordance with, the Legal Requirements of the State without reference to its principles of conflicts of law; *provided* that the duties and obligations of UFB and ICB under this Agreement shall be governed by and construed in accordance with the internal laws of the State of Indiana, without giving effect to conflict of law principles.

Section 10.11. *Headings.* Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

Section 10.12. *Determinations by the Purchasers.* (a) Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Administrative Agent may be given or is required, or where any determination, judgment or decision is to be rendered by the Administrative Agent under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Administrative Agent (or its designated representative) at its discretion.

(b) Subject to specific provisions in this Agreement to the contrary, in any instance under this Agreement where the consent or approval of the Purchaser may be given or is required, or where any determination, judgment or decision is to be rendered by such Purchaser

under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by such Purchaser (or its designated representative) at its sole discretion, but subject to the provisions of the Administrative Agency Agreement.

Section 10.13. *Issuer, Members, Directors, Attorneys, Officers, Employees and Agents of Issuer Not Liable.* To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the Issuer contained herein or in the other Bond Documents to which the Issuer is a party or for any claim based hereon or thereon or otherwise in respect hereof or thereof against any director, officer, agent, attorney or employee, as such, in his individual capacity, past, present or future, of the Issuer or of any successor entity, either directly or through the Issuer or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any director, officer, agent, attorney or employee as such, past, present or future, of the Issuer or any successor entity, either directly or through the Issuer or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the Issuer and the Borrower, whether herein contained or to be implied here from as being supplemental hereto; and all personal liability of that character against every such director, officer, agent attorney and employee of the Issuer is, by the execution of this Agreement and as a condition of, and as part of the consideration for, the execution of this Agreement, expressly waived and released.

Section 10.14. *HUD Requirements.* The provisions of this Agreement and the Bond Documents are subject and subordinate to the National Housing Act, and all other applicable HUD Requirements, the Senior Mortgage Loan Documents, all applicable Ginnie Mae Requirements and the Ginnie Mae Documents; and in the event of any conflict between the provisions of this Agreement and the provisions of the National Housing Act, any HUD Requirements, the Senior Mortgage Loan Documents, any applicable Ginnie Mae Requirements and/or the Ginnie Mae Documents, the HUD Requirements, Senior Mortgage Loan Documents, Ginnie Mae Requirements and Ginnie Mae Documents shall be controlling in all respects.

Section 10.15. *Supremacy of Senior Mortgage Loan Documents, HUD Requirements and Ginnie Mae Requirements.* This Section 10.15 shall remain effective for so long as the Senior Mortgage Loan, or any other mortgage loan encumbering the Project Facilities that is insured or held by HUD, remains in full force and effect. In the event the terms of this Agreement or the Bond Documents shall conflict with the Senior Mortgage Loan Documents, applicable HUD Requirements, the Ginnie Mae Documents or applicable Ginnie Mae Requirements, such Senior Mortgage Loan Documents, HUD Requirements, the Ginnie Mae Documents and Ginnie Mae Requirements shall control. Notwithstanding any other provision of this Agreement to the contrary, it is expressly agreed by the Borrower, the Lender, the Escrow Agent, the Administrative Agent, the Purchasers and the Issuer as follows:

(a) in the event of a foreclosure of the Senior Mortgage or a transfer of title by deed-in-lieu of foreclosure to the holder of the Senior Mortgage or to a person other than the Borrower or any Related Person and the retirement of the Bonds within a reasonable time thereafter, this Agreement shall automatically terminate;

(b) any amendment to this Agreement shall be contingent upon the prior written approval of HUD, if required;

(c) any provisions of this Agreement that require the Borrower to take any action necessary to preserve the tax-exemption of the interest on the Bonds or prohibiting the Borrower from taking any action that might jeopardize the tax-exemption, are qualified to except therefrom actions required or prohibited by FHA pursuant to Section 221(d)(4) of the National Housing Act;

(d) the Borrower, the Escrow Agent, the Administrative Agent, the Purchasers and the Issuer agree that this Agreement and the Bond Documents are subordinate to all applicable provisions of the National Housing Act, the other HUD Requirements, the Senior Mortgage and the other Senior Mortgage Loan Documents;

(e) no failure on the part of the Borrower to comply with the provisions of this Agreement shall serve as a basis for a default on the Senior Mortgage Loan or any of the Senior Mortgage Loan Documents;

(f) enforcement of the provisions of this Agreement shall not result in any claim under the Senior Mortgage Loan, or any claim against the Project, Senior Mortgage Loan proceeds, any reserve or deposit made with the Lender or another person or entity required by HUD or the Lender in connection with the Senior Mortgage Loan transaction or against the rents or other income from the Project (other than available Surplus Cash of the Project Facilities and Sale Proceeds, if any);

(g) the Borrower shall not be deemed to be in violation of this Agreement if it shall take (or refrain from taking) any actions required (or prohibited) by HUD pursuant to the National Housing Act, applicable HUD Requirements, the Senior Mortgage Loan Documents, applicable Ginnie Mae Requirements and the Ginnie Mae Documents; and

(h) in consideration of HUD's agreeing to insure the Senior Mortgage Loan, and in reliance by HUD upon the promises of the Borrower and the Issuer to comply herewith, HUD has reserved the right to require the Issuer to unilaterally (without the consent of the Borrower, the Lender, the Administrative Agent or the Purchasers) remove or void any restrictions in excess of those necessary to ensure tax-exemption for the Bonds and continued eligibility of the federal tax credits relating to the Project or that are required under the laws of the State upon a written determination by HUD that the excess restriction(s) is (are) threatening the financial viability of the Project (*i.e.*, impairing the Borrower's ability to sustain a level of income sufficient to meet all financial obligations of the Project, including debt service costs, HUD-required escrows, and Project operating expenses); in the absence of the Issuer's compliance with a written request from HUD to take appropriate action to unilaterally remove or void the aforesaid excess restriction(s), HUD shall have the right and authority under this Section 10.15 to unilaterally remove or void such excess restriction(s).

Section 10.16. *Modification, Amendment, Waiver, Etc.* No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing

and signed by all of the parties hereto and an Opinion of Bond Counsel is delivered with respect to such modification, amendment or waiver.

Section 10.17. *Assignment of Issuer's Interests.* For so long as the Bonds are Outstanding, the interests of the Issuer in this Agreement (except its Reserved Rights) will be, and hereby are, assigned to each Purchaser, and its successors, under this Agreement, and during such period this Agreement shall be enforceable by the Purchasers in accordance with its terms.

Section 10.18. *Guaranty of Certain Reserved Rights Payments.* Pedcor Investments, A Limited Liability Company, hereby guarantees the prompt payment when due of any pecuniary obligations of the Borrower to the Issuer, the Administrative Agent, the Escrow Agent and the Purchasers pursuant to Sections 2.1(k), 3.1(b)(4), 3.1(c), 8.19, 9.7 and 10.5 of this Agreement. Pedcor Investments, A Limited Liability Company hereby acknowledges to the Issuer that it understands the Issuer would not make the Bond Loan to the Borrower without the guarantees provided by this Section 10.18 and Section 8.19 hereof. The Issuer, in its sole discretion, may proceed to exercise any right or remedy which it may have under this Section 10.18 or Section 8.19 hereof without pursuing or exhausting any right or remedy which it may have against the Borrower.

Section 10.19. *Non-Recourse.* Except as provided in Section 10.18 hereof, the obligations of the Borrower on this Agreement, including specifically the obligation to pay Additional Interest, are non-recourse to the Borrower and any of its partners and are payable exclusively from the Ginnie Mae Certificates, available Surplus Cash and Sale Proceeds.

IN WITNESS WHEREOF, the Issuer, the Borrower, the Purchaser and the Lender have caused this Agreement to be duly executed and delivered on the day and year first above written.

**SAN ANTONIO HOUSING TRUST FINANCE CORPORATION**

By: \_\_\_\_\_  
John Kenny, Assistant Secretary

PEDCOR INVESTMENTS-2016-CLVI, L.P.

By: SAHT Leon Valley GP, LLC  
Its: General Partner

By: San Antonio Housing Trust Public  
Facility Corporation  
Its: Sole Member

By: \_\_\_\_\_  
John Kenny  
Assistant Secretary

P/R MORTGAGE & INVESTMENT CORP.

By: \_\_\_\_\_  
Michael R. Dury  
Senior Vice President and Chief Operating  
Officer

UNITED FIDELITY BANK, fsb,

By: \_\_\_\_\_  
Kirby J. Purciful, Senior Vice President &  
CFO

INTERNATIONAL CITY BANK, N.A., in its  
capacity as a Purchaser of certain Bonds

By: \_\_\_\_\_  
Kirby J. Purciful, Senior Vice President &  
CFO



Sections 2.1(k), 3.1(b)(3), 3.1(c), 8.19, 9.7, 10.5  
and 10.18 of this Financing Agreement  
acknowledged and agreed to by

PEDCOR INVESTMENTS, A LIMITED LIABILITY  
COMPANY

By: \_\_\_\_\_  
Thomas G. Crowe, Executive Vice President

BOKF, NA, as Escrow Agent

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

**EXHIBIT A**

**PAYMENT REQUEST FORM**

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

Date: \_\_\_\_\_

United Fidelity Bank, fsb  
NW Fourth Street  
Evansville, Indiana 46698

BOKF, NA  
801 Cherry Street, Suite 3325  
Fort Worth, Texas 76102

Re: \$38,500,000 San Antonio Housing Trust Finance Corporation Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017 (the "*Bonds*") issued pursuant to the Financing Agreement dated as of August 1, 2017 (the "*Financing Agreement*"), among San Antonio Housing Trust Finance Corporation (the "*Issuer*"), Pedcor Investments-2016-CLVI, L.P. (the "*Borrower*"), United Fidelity Bank, fsb, and International City Bank, N.A. (collectively, the "*Purchasers*"), BOKF, NA (the "*Escrow Agent*") and P/R Mortgage & Investment Corp. (the "*Lender*")

---

Ladies and Gentlemen:

The undersigned, on behalf of the Borrower, hereby certifies that he/she is a duly appointed Authorized Representative of the Borrower. The Borrower hereby requests the Escrow Agent under the Escrow Agreement dated as of August 1, 2017 (the "*Escrow Agreement*") among the Escrow Agent, the Purchasers, the Issuer and the Borrower, to make payment from the Construction Fund (as defined in the Escrow Agreement) to (circle (a) or (b)): [(a) reimburse the Lender directly] [(b) transfer to the Federal Home Loan Bank of Indianapolis (or such other institution as designated by the Lender), pursuant to the attached account and wiring information, as provided by the Lender] for an Advance in the amount of \$\_\_\_\_\_ used by or on behalf of the Borrower for the costs of issuance of the Bonds (as permitted by HUD) or Project Costs for the Project Facilities all of which are described in the attached schedule.

\_\_\_\_ (if (b) above is selected, check space) Pursuant to Section 2.1(c) of the Financing Agreement and by its execution hereof, the Lender acknowledges and approves the Purchaser's transfer of the required unpaid accrued interest for the Construction Loan Certificate to be delivered to the Lender in connection with such Advance, to the Escrow Agent.

Capitalized terms used herein, but not defined herein, shall have the respective meanings ascribed thereto in the Financing Agreement.

The undersigned further certifies on behalf of the Borrower that, in connection with the Borrower's requisition for an Advance of the Senior Mortgage Loan proceeds from the Lender, subject to the provisions of Section 10.14 and 10.15 of the Financing Agreement, reimbursement of such Advance from a disbursement from the Construction Fund will not cause or result in the

violation, or be in violation, of any covenant contained in the Financing Agreement, the Escrow Agreement, the Regulatory Agreement or in the Tax Certificate relating to the Bonds, including without limitation, the covenants that (i) at least 95% of the Sale Proceeds (as defined in said Tax Certificate) will be allocated to pay costs chargeable to the capital account of the Project Facilities or would be so chargeable either with a proper election or but for a proper election to deduct such amounts and (ii) the issuance costs of the Bonds financed with proceeds of the Bonds will not exceed 2% of the proceeds of the Bonds.

The payments to be made to the payees set forth above have not been the basis for a prior request which has been paid.

All of the Borrower's representations, covenants and warranties contained in the Financing Agreement and the Tax Certificate were true and accurate in all material respects as of the date made, and remain true and accurate in all material respects as of the date of this Payment Request Form except as disclosed to the Purchasers, and the Borrower has fully and satisfactorily performed all of its covenants and obligations to date required under the Financing Agreement and the Tax Certificate except as disclosed to the Purchaser. No Default or Event of Default has occurred and is continuing under the Financing Agreement or under the Senior Mortgage Note except for Defaults or Events of Default that have been disclosed to the Purchaser and the Lender.

The Borrower understands that the Purchasers, the Lender and the Escrow Agent are relying on the certifications herein with regard to and in connection with approving the disbursement requested hereby.

Please indicate if this Payment Request Form relates to the final disbursement from the Construction Fund: \_\_\_\_ Yes \_\_\_\_ No.

If this Payment Request Form relates to the final disbursement from the Construction Fund, the Borrower, the Lender and the Purchaser hereby instruct Escrow Agent to disburse to the Purchaser the remaining moneys held in the Construction Fund to be applied to prepay the Loan and redeem the Bonds as set forth in the Financing Agreement.

Please indicate if this Payment Request Form reimburses the Lender or the Borrower for any payment or payments previously made by Borrower: \_\_\_\_ Yes \_\_\_\_ No.

If this Payment Request Form requests such a reimbursement, the payment or payments for any obligations originally paid by the Borrower, for federal income tax purposes, was after February 13, 2016.

The Borrower attaches hereto the following items:

- (a) invoices and/or bills of sale relating to the Project Facilities and, if such invoices have been paid by the Issuer or the Borrower, evidence of payment thereof; and
- (b) an insurance certificate in the form required by the Financing Agreement if such insurance certificate has not been previously provided by the Borrower to the Purchaser.

By approval of this Payment Request Form, the Purchaser authorizes the Escrow Agent to disburse moneys from the Construction Fund as instructed herein.

The Administrative Agent directs the Lender to issue a Construction Loan Certificate to each Purchaser or its nominee as follows:

ICB: \_\_\_\_\_

UFB: \_\_\_\_\_

[Execution on Following Page]

IN WITNESS WHEREOF, the undersigned Authorized Representative has executed this Payment Request Form to be effective as of the date first set forth hereinabove.

PEDCOR INVESTMENTS-2016-CLVI, L.P.

By: SAHT Leon Creek GP, LLC, its General Partner

By: San Antonio Housing Trust Finance Corporation, a Texas housing finance corporation, its Sole Member

By: \_\_\_\_\_  
John Kenny, Assistant Secretary

Approved By:

UNITED FIDELITY BANK, fsb

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

P/R MORTGAGE & INVESTMENT CORP.

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

**EXHIBIT B**

**FORM OF BONDS**

**THIS BOND MAY BE SOLD OR TRANSFERRED ONLY TO AN APPROVED  
INVESTOR UPON DELIVERY OF AN INVESTOR LETTER  
AND SUBJECT TO OTHER CONDITIONS PROVIDED IN THE  
FINANCING AGREEMENT**

No. R-\_\_

\$38,500,000

THIS BOND IS BEING ISSUED UNDER THE PROVISIONS OF THE TEXAS HOUSING FINANCE CORPORATIONS ACT, CHAPTER 394, TEXAS LOCAL GOVERNMENT CODE, AS AMENDED. THIS BOND AND THE ISSUE OF WHICH IT FORMS A PART ARE NOT GENERAL OBLIGATIONS OF THE ISSUER, BUT ARE LIMITED OBLIGATIONS PAYABLE SOLELY FROM THE MONEYS AND PROPERTIES PLEDGED FOR PAYMENT THEREOF.

**SAN ANTONIO HOUSING TRUST FINANCE CORPORATION  
MULTIFAMILY HOUSING REVENUE BONDS  
(TRAILS AT LEON CREEK APARTMENTS PROJECT),  
SERIES 2017**

DATED DATE: August 1, 2017

MATURITY DATE: September 15, 2059

REGISTERED OWNER: [UNITED FIDELITY BANK, FSB] [INTERNATIONAL CITY BANK, N.A.]  
(the "Purchaser")

PRINCIPAL AMOUNT: Thirty-Eight Million Five Hundred Thousand Dollars  
(\$38,500,000)

INTEREST PAYMENT DATE: The 15th day of each month commencing September 15, 2017

SAN ANTONIO HOUSING TRUST FINANCE CORPORATION (the "*Issuer*"), a nonstock, nonprofit housing finance corporation duly organized and existing under the laws of the State of Texas (the "*State*"), for value received, promises to pay to the Registered Owner specified above or registered assigns, but solely from the sources and in the manner referred to herein, the Principal Amount specified above on the aforesaid Maturity Date or on such earlier date as provided herein, and interest on the Principal Amount remaining unpaid from the later of the date hereof or the most recent Interest Payment Date to which interest has been paid at the Interest Rate and subject to the provisions specified below, payable on each Interest Payment Date. Principal of and interest on this Bond are payable at the principal office of the Registered Owner,

or at such other place and in such other manner as may be elected by the Registered Owner hereof in accordance with the Financing Agreement (as defined below). Upon payment in full of the principal of this Bond, whether at maturity or prior redemption, the Registered Owner shall forthwith deliver this Bond to the Escrow Agent (as defined below) for cancellation.

*Defined Terms.* In addition to terms defined elsewhere herein, the following terms, as used herein, shall have the respective meanings set forth below:

*"Additional Interest"* means the interest due on the Bonds in excess of the Pass-Through Rate. Payment of Additional Interest shall be subject to and payable solely from available Surplus Cash (as defined in the HUD Regulatory Agreement) and proceeds from a sale or refinance; *provided, however*, to the extent that Additional Interest is payable from Surplus Cash such payments shall be payable solely from up to 75% of such available Surplus Cash.

*"Borrower"* shall mean Pedcor Investments-2016-CLVI, L.P., a Texas limited partnership.

*"Interest Rate"* shall mean (i) from the Issue Date through and including September 30, 2019, the Pass-Through Rate, and (ii) commencing October 1, 2019, the LIBOR Based Rate, defined to mean "for any day, a rate of interest per annum equal to the LIBOR Rate plus 0.75%; *provided*, that the LIBOR Based Rate shall never be less than 3.00% per annum nor more than 8.00% per annum"; *provided*, further, that the Interest Rate on the Bonds shall be the Pass-Through Rate during any period in which the principal amount due on the Bonds, plus Additional Interest, exceeds the Maximum Amount.

*"Lender"* shall mean P/R Mortgage & Investment Corp.

In addition to interest at the Interest Rate, upon a Determination of Taxability (as defined in the Financing Agreement) or other event described in Section 8.16(b) of the Financing Agreement, additional amounts shall be payable to the owner of this Bond in accordance with said Section 8.16(b), but only from Surplus Cash, as defined in the Financing Agreement; *provided, however*, that the total interest paid on the Bonds shall not exceed the highest lawful rate prescribed by Texas Government Code Section 1204.006(a) or under any other law which a court of competent jurisdiction may deem applicable hereto.

This Bond may be redeemed in whole or in part upon thirty (30) days' prior written notice to the Purchaser, at any time and at such redemption prices as shall be in accordance with the prepayment provisions of the Senior Mortgage Note and the Financing Agreement.

This Bond is one of a duly authorized issue of the Issuer's Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017 (the "*Bonds*"), issuable under the Financing Agreement dated as of June 1, 2017 (the "*Financing Agreement*") by and among the Issuer, the Borrower, International City Bank, N.A., United Fidelity Bank, fsb, BOKF, NA, as escrow agent and registrar, and the Lender. The Bonds are issued pursuant to the Texas Housing

Finance Corporations Act, Chapter 394, Texas Local Government Code, as amended (the "Act") and a resolution duly adopted by the Issuer.

This Bond is secured by (i) the proceeds held in the Construction Fund, (ii) by payments made to the Purchaser from fully modified pass-through mortgage backed securities issued by the Lender, which are guaranteed as to timely payment of principal and interest by the Government National Mortgage Association, (iii) with respect to Additional Interest on this Bond, up to 75% of available Surplus Cash payable under the Subordinate Mortgage Note and the Subordinate Mortgage, and (iv) Sale Proceeds.

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE ISSUER PAYABLE, AS TO PRINCIPAL AND INTEREST SOLELY FROM THE PLEDGED ASSETS AS DEFINED IN THE FINANCING AGREEMENT. THIS BOND SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE, AND NEITHER THE STATE, NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE LIABLE HEREON, NOR IN ANY EVENT SHALL THIS BOND BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THE PLEDGED ASSETS. THIS BOND SHALL NOT CONSTITUTE AN INDEBTEDNESS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. NEITHER THE STATE, NOR ANY POLITICAL SUBDIVISION OF THE STATE (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED IN THE FINANCING AGREEMENT) SHALL BE LIABLE FOR PAYMENT OF THIS BOND NOR IN ANY EVENT SHALL PRINCIPAL OF AND INTEREST ON THIS BOND BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THE PLEDGED ASSETS. THE ISSUER HAS NO TAXING POWER.

NEITHER THE DIRECTORS, MEMBERS, OFFICERS, AGENTS, EMPLOYEES OR REPRESENTATIVES OF THE ISSUER NOR ANY PERSON EXECUTING THIS BOND SHALL BE PERSONALLY LIABLE HEREON OR BE SUBJECT TO ANY PERSONAL LIABILITY OR ACCOUNTABILITY BY REASON OF THE ISSUANCE OF THIS BOND, WHETHER BY VIRTUE OF ANY CONSTITUTION, STATUE 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 FINANCING AGREEMENT AND THE ISSUANCE OF THIS BOND BY THE ISSUER.

No recourse under or upon any obligation, covenant or agreement contained in this Bond, or under any judgment obtained against the Issuer, or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, under or independent of this Bond, shall be had against any incorporator, member, director or officer, as such, past, present or future, of the Issuer, either directly or through the Issuer, or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of this Bond or otherwise, of any sum that may be due and unpaid by the Issuer upon this Bond. Any and all personal liability of every nature, whether at common law or in equity, or by statute or by constitution or otherwise, of any such incorporator, member, director or officer, as such, to respond by reason of any act or omission on his part or otherwise, for the payment for or to the Issuer or any receiver thereof, or for or to the holder of this Bond or otherwise, of any sum that may remain due and unpaid upon this Bond, is hereby expressly waived and released as a condition of and consideration for the issue of this Bond.



All payments hereunder shall be payable in lawful money of the United States of America representing legal tender in payment of all debts and dues, public and private, at the time of payment.

This Bond shall be construed according to the laws of the State of Texas.

It is certified, recited, and warranted that this Bond is issued under the authority of a resolution duly adopted by the Issuer and the Act. It is the intention of the Issuer, as expressed in said resolution, that this recital shall conclusively impart full compliance with all of the provisions of said resolution and shall be conclusive evidence of the validity and the regularity of the issuance of this Bond after its delivery for value and that this Bond is incontestable for any cause whatsoever after its delivery for value.

This Bond may be transferred only in accordance with the provisions of the Financing Agreement.

[Definitive Bond Only: This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Financing Agreement until the Certificate of Authentication hereon shall have been signed by the Escrow Agent.]

[Initial Bond Only: This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Financing Agreement until the Comptroller's Registration Certificate hereon has been executed by an authorized representative of the Texas Comptroller of Public Accounts by manual signature.]

Any capitalized terms appearing herein which are not otherwise defined shall have the meaning ascribed to them in the Financing Agreement.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, San Antonio Housing Trust Finance Corporation has caused this Bond to be executed with the facsimile signature of its President and a facsimile of its official seal to be imprinted hereon and attested with the facsimile signature of its Secretary.

Attest:

SAN ANTONIO HOUSING TRUST FINANCE  
CORPORATION

\_\_\_\_\_  
Assistant Secretary

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

[SEAL]

**[Initial Bonds Only]**

**COMPTROLLER'S REGISTRATION CERTIFICATE**

OFFICE OF THE COMPTROLLER §  
OF PUBLIC ACCOUNTANTS OF §  
THE STATE OF TEXAS §

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

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him, that he finds that it has been issued in conformity with the Constitution and Laws of the State of Texas, and it is a valid and binding limited obligation of the Issuer, and this Bond has this day been duly registered by me.

WITNESS MY HAND AND SEAL OF OFFICE at Austin, Texas, this \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts of the State of  
Texas

(COMPTROLLER'S SEAL)

**[Definitive Bonds Only]**

**CERTIFICATE OF AUTHENTICATION**

This Bond is one of the San Antonio Housing Trust Finance Corporation Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017 issued and delivered pursuant to the within mentioned Financing Agreement.

BOKF, NA,  
as Escrow Agent and authentication agent

By: \_\_\_\_\_  
Authorized Representative

## EXHIBIT C

### FORM OF INVESTOR LETTER

San Antonio Housing Trust Finance Corporation  
2515 Blanco Road  
San Antonio, Texas 78212  
Attention: Executive Director

Pedcor Investments-2016-CLVI, L.P.  
One Pedcor Square  
770 3rd Avenue, S.W.  
Carmel, Indiana 46032

P/R Mortgage & Investment Corp.  
11555 N. Meridian Street, Suite 400  
Carmel, Indiana 46032

BOKF, NA  
801 Cherry Street, Suite 3325  
Fort Worth, Texas 76102  
Attention: Corporate Trust Department

Re: San Antonio Housing Trust Finance Corporation, Multifamily Housing  
Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017

Ladies and Gentlemen:

The undersigned authorized signatory for \_\_\_\_\_ (the "*Purchaser*"), the purchaser of \$\_\_\_\_\_ aggregate principal amount of Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017 (the "*Bonds*"), does hereby certify, represent and warrant for the benefit of the San Antonio Housing Trust Finance Corporation, (the "*Issuer*"), Pedcor Investments-2016-CLVI, L.P. (the "*Borrower*") and P/R Mortgage & Investment Corp. (the "*Lender*"), that the Purchaser is either a "qualified institutional buyer" as defined in Rule 144A under the Securities Act of 1933, as amended (a "*QIB*"), or an "accredited investor" (as defined in Rule 501(a)(1), (2), (3), (4), (7) or (8) of Regulation D promulgated under the Securities Act of 1933) (an "*Accredited Investor*").

The Purchaser hereby acknowledges, represents, and warrants to, and agrees with, the Issuer, the Borrower and the Lender, as follows:

(1) The Purchaser is purchasing the Bonds 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, other than the deposit or sale of the Bonds in or to a custodial or trust arrangement each of the beneficial owners of which shall be required to be a QIB or an Accredited Investor.

(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 Facilities, (ii) the evaluation of the capabilities of persons such as the Borrower, and the manager of the Project Facilities to operate and maintain the Project Facilities, and (iii) the analysis, purchase and ownership of multifamily housing revenue bonds, tax-exempt securities and other investment vehicles similar in character to the Bonds, 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 Financing Agreement dated as of August 1, 2017 (the "*Financing Agreement*"), among the Issuer, the Borrower, BOKF, NA, as escrow agent (the "*Escrow Agent*"), the Lender, International City Bank, N.A. and United Fidelity Bank, fsb, and all other documents relating to the issuance of the Bonds. IN PARTICULAR, THE PURCHASER UNDERSTANDS ANY ADDITIONAL INTEREST ON THE BONDS IS PAYABLE ONLY FROM 75% OF SURPLUS CASH AND ALL SALE PROCEEDS AND SECURED ONLY BY THE SUBORDINATE MORTGAGE, AS DEFINED AND DESCRIBED IN THE FINANCING AGREEMENT. The Purchaser has conducted its own investigation of the Project Facilities, the Borrower, the manager of the Project Facilities, the Bonds (including, but not limited to, the amount of Additional Interest that has been paid and is currently payable), the Financing Agreement and related documents and the transactions relating thereto, 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 Issuer, the Borrower and the manager of the Project Facilities. On this basis, it is agreed by the Purchaser that the Purchaser is not relying on the Issuer or any other party or person to undertake the furnishing or verification of information related to the referenced transaction.

(4) In connection with the purchase of the Bonds, the Purchaser has been advised that (i) the Issuer has not undertaken steps to ascertain the accuracy, completeness or truth of any statements made or omitted to be made to the undersigned concerning any of the facts relating to the business, operations, financial condition, or future prospects of the Borrower or the manager of the Project Facilities, (ii) the Issuer has not made any representations concerning the accuracy or completeness of any information supplied to the undersigned by the Borrower or the manager of the Project Facilities and (iii) Bond Counsel's opinions do not address whether any particular payment will be recognized by the Internal Revenue Service as interest on the Bonds.

(5) THE PURCHASER UNDERSTANDS THAT:

(i) THE BONDS ARE SPECIAL, LIMITED OBLIGATIONS OF THE ISSUER, PAYABLE SOLELY OUT OF THE PLEDGED ASSETS, AS DEFINED IN THE FINANCING AGREEMENT. THE BONDS SHALL NOT BE A DEBT OR INDEBTEDNESS OF THE STATE OR ANY POLITICAL SUBDIVISION OF THE STATE (INCLUDING THE ISSUER), AND NEITHER THE STATE NOR ANY POLITICAL SUBDIVISION OF THE STATE SHALL BE LIABLE THEREON, NOR IN ANY EVENT SHALL THE BONDS BE PAYABLE OUT OF ANY FUNDS OR PROPERTIES OTHER THAN THE PLEDGED ASSETS.

(ii) THE ISSUER HAS NO TAXING POWER AND PRINCIPAL AND INTEREST ON THE BONDS ARE PAYABLE SOLELY OUT OF THE PLEDGED ASSETS. NEITHER THE STATE, NOR ANY POLITICAL SUBDIVISION OF THE STATE (EXCEPT THE ISSUER FROM THE SOURCES IDENTIFIED ABOVE) SHALL BE LIABLE FOR PAYMENT OF THE BONDS NOR IN ANY EVENT SHALL PRINCIPAL OF AND INTEREST ON THE BONDS BE PAYABLE OUT OF ANY FUNDS OR ASSETS OTHER THAN THE PLEDGED ASSETS.

(6) The Purchaser understands that in connection with any proposed transfer or exchange of Bonds, there must be delivered to the Issuer a letter of the transferee to substantially the same effect as this letter or otherwise as permitted under the Financing Agreement.

(7) The Purchaser understands that, in connection with any proposed transfer of the Bonds, such transfer must be limited to an Approved Investor (as defined in the Financing Agreement) that makes representations with respect to itself to substantially the same effect as the representations set forth herein.

(8) The Purchaser (or in the case of any transferee, such transferee) also understands that it shall indemnify the Issuer as set forth in the Financing Agreement: "THE PURCHASER AND ANY TRANSFEREE SHALL AGREE TO INDEMNIFY THE ISSUER FROM AND AGAINST ANY AND ALL LIABILITY, COST OR EXPENSE (INCLUDING ATTORNEYS' FEES AND EXPENSES) THAT MAY RESULT IF THE REPRESENTATIONS OF THE PURCHASER OR ANY SUCH TRANSFEREE, RESPECTIVELY, CONTAINED IN ITS INVESTOR LETTER ARE FALSE IN ANY MATERIAL RESPECT."

(9) The Purchaser acknowledges that it has been advised by the Borrower that the Bonds will bear interest at the Pass-Through Rate during any period in which the aggregate principal and interest due on the Bonds, including Additional Interest, exceeds \$\_\_\_\_\_, the replacement cost of the Project approved by HUD in connection with the closing of the Senior Mortgage Note.

This letter and the representations and agreements contained herein are made for your benefit. Capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Financing Agreement.

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

[PURCHASER]

\_\_\_\_\_  
Name: \_\_\_\_\_

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

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



## **EXHIBIT D**

### **FORM OF BOND NOTE**

#### **MULTIFAMILY PROMISSORY NOTE**

AFTER THE ENDORSEMENT AS HEREON PROVIDED AND PLEDGE OF THIS NOTE, THIS NOTE MAY NOT BE ASSIGNED, PLEDGED, ENDORSED OR OTHERWISE TRANSFERRED EXCEPT TO AN ASSIGNEE OR SUCCESSOR OF THE PURCHASER IN ACCORDANCE WITH THE FINANCING AGREEMENT, BOTH REFERRED TO HEREIN.

\$38,500,000

June 1, 2017

FOR VALUE RECEIVED, Pedcor Investments-2015-CLI, L.P., a limited partnership, duly formed and existing under the laws of the State of Texas (the "Company"), by this promissory note hereby promises to pay to the order of the San Antonio Housing Trust Finance Corporation (the "Issuer") the principal sum of Thirty-Eight Million Five Hundred Thousand Dollars (\$38,500,000), together with interest on the unpaid principal amount hereof, from the Issue Date (as defined in the Financing Agreement referenced below) until paid in full, at a rate per annum equal to the rate of interest borne by the Bonds (as hereinafter defined) and premium, if any, on the Bonds. All such payments of principal, interest and premium shall be made in funds which shall be immediately available on the due date of such payments and in lawful money of the United States of America at the principal office of the Purchaser (as defined in the Financing Agreement).

The principal amount, interest and premium, if any, on this Note shall be payable on the dates and in the amount, that principal of, interest and premium, if any, on the Bonds are payable, subject to prepayment as hereinafter provided.

This promissory note is the "Bond Note" referred to in the Financing Agreement, dated as of August 1, 2017 (the "Financing Agreement"), among the Issuer, the Company, P/R Mortgage & Investment Corp., International City Bank, N.A. and United Fidelity Bank, fsb (the "Purchasers"), the terms, conditions and provisions of which are hereby incorporated by reference.

This Note and the payments required to be made hereunder are irrevocably assigned, without recourse, representation or warranty, and pledged for payment of the Bonds to the Purchaser under the Financing Agreement, and such payments will be made directly to the Purchaser for the account of the Issuer pursuant to such assignment. Such assignment is made as security for the payment of \$38,500,000 aggregate principal amount of San Antonio Housing Trust Finance Corporation Multifamily Housing Revenue Bonds (Trails at Leon Creek Apartments Project), Series 2017 (the "Bonds"). All the terms, conditions and provisions of the Financing Agreement and the Bonds are hereby incorporated as a part of this Note.

Notwithstanding any provision of this Note to the contrary, the Borrower's obligations hereunder are non-recourse to the Borrower and its partners and are: (1) payable solely from

Surplus Cash and all Sale Proceeds (as defined and as provided in the Financing Agreement); (2) except for that portion of interest constituting Additional Interest, discharged and satisfied to the extent that the principal of and interest on the Bonds is paid from the Ginnie Mae Certificates (as defined in the Financing Agreement) and (3) with respect to that portion constituting Additional Interest, discharged and satisfied to the extent that Additional Interest on the Bonds is paid from the Subordinate Mortgage Note of the Company (as defined in the Financing Agreement); however, to the extent that Additional Interest is payable from Surplus Cash, such payments shall be payable from up to 75% of such available Surplus Cash.

The Company may at its option, and may under certain circumstances be required to, prepay together with accrued interest, all or any part of the amount due on this Note, as provided in the Financing Agreement.

Presentation, demand, protest and notice of dishonor are hereby expressly waived by the Company.

The Company hereby promises to pay reasonable costs of collection and reasonable attorneys' fees in case of default on this Note.

\* \* \* \* \*

This Note shall be governed by, and construed in accordance with, the laws of the State of Texas.

Pedcor Investments-2016-CLVI, L.P.

By: SAHT Leon Creek GP, LLC, its General Partner

By: San Antonio Housing Trust Public Facility  
Corporation, its Sole Member

By: \_\_\_\_\_  
John Kenny, Assistant Secretary

## **ENDORSEMENT**

Pay to the order of United Fidelity Bank, fsb, without recourse, as Administrative Agent for the Purchasers named in the Financing Agreement referred to in the within mentioned Note, as security for the Bonds issued under such Financing Agreement. This endorsement is given without any warranty as to the authority or genuineness of the signature of the maker of the Note.

SAN ANTONIO HOUSING TRUST FINANCE  
CORPORATION

By: \_\_\_\_\_  
John Kenny, Assistant Secretary

Dated: \_\_\_\_\_, 2017

## EXHIBIT E

## PRINCIPAL AMORTIZATION

[illegible]

**EXHIBIT F**

**LEGAL DESCRIPTION**

ALL OF THAT LAND in Bexar County, Texas which is described as follows: