

**TAX EXEMPTION CERTIFICATE AND AGREEMENT**

Dated as of

[July 1], 2025

among

**Texas Department of Housing and Community Affairs,**  
as Governmental Lender

and

**BOKF, NA,**  
as Fiscal Agent

and

**LDG The Legacy on Kiest, LP,**  
as Borrower

regarding

**[\$30,000,000]**

**Texas Department of Housing and Community Affairs**  
**Multifamily Housing Revenue Note**  
**(The Legacy on Kiest) Series 2025**

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## TAX EXEMPTION CERTIFICATE AND AGREEMENT

THIS TAX EXEMPTION CERTIFICATE AND AGREEMENT (this “Agreement”) dated as of [July 1], 2025, but effective as of the Issue Date of the Governmental Note (as defined below) is among the **Texas Department of Housing and Community Affairs** (together with its successors and assigns, the “Governmental Lender”), a public and official agency of the State (as defined herein), **BOKF, NA**, a national banking association organized and existing under the laws of the United States of America, as Fiscal Agent under the hereinafter defined Funding Loan Agreement (together with any successor Fiscal Agent under the Funding Loan Agreement described below and their respective successors and assigns, the “Fiscal Agent”), and **LDG The Legacy on Kiest, LP**, a Texas limited partnership (together with its permitted successors and assigns, the “Borrower”) and is entered into in connection with the issuance of the \$[30,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (The Legacy on Kiest) Series 2025 (the “Governmental Note”). The representations of facts and circumstances and the covenants of the Governmental Lender made herein are made in part for purposes of fulfilling the requirements set forth in section 1.148-2(b)(2) of the Regulations (as defined herein).

### RECITALS

WHEREAS, the Governing Board of the Governmental Lender has determined to authorize the issuance of the Governmental Note pursuant to and in accordance with the terms of the Funding Loan Agreement (as defined herein) for the purpose of obtaining funds to finance the Project (as defined herein), all under and in accordance with the Constitution and laws of the State (as defined herein); and

WHEREAS, the Governmental Lender desires to use the Proceeds (as defined herein) of the Governmental Note to fund a mortgage loan to the Borrower (i.e., the Borrower Loan, as defined herein) upon the terms and conditions set forth in the Borrower Loan Agreement (as defined herein) in order to finance Project Costs (as defined herein); and

WHEREAS, the Governmental Lender and the Borrower desire that interest on the Governmental Note be excludable from gross income for federal income tax purposes under the Code (as defined herein); and

WHEREAS, the purpose of executing this Agreement is to set forth various facts, certifications, covenants, representations, and warranties regarding the Governmental Note and the Project and to establish the expectations of the Governmental Lender, the Borrower, and the Fiscal Agent as to future events regarding the Governmental Note, the Project, and the use and investment of Proceeds of the Governmental Note.

NOW THEREFORE, in consideration of the premises and the mutual representations, covenants and undertakings set forth herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the undersigned do hereby certify, covenant, represent, and agree on behalf of the Governmental Lender, the Borrower, and the Fiscal Agent (but not in their individual capacities), respectively, as follows:

1. Definitions. Each capitalized term used in this Agreement has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Agreement or in Exhibits to this Agreement and for all purposes hereof has the meaning or is in the amount therein specified. All capitalized terms used but not defined herein, to the extent that such terms are defined in the Funding Loan Agreement, the Borrower Loan Agreement, or the Regulatory Agreement for all purposes hereof have the meanings therein specified. All such terms defined in the Code or Regulations that are not defined herein will for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

**“Bond Counsel”** means any counsel nationally recognized as having an expertise in connection with the excludability of interest on obligations of states and local governmental units from gross income for federal income tax purposes, and initially shall mean Bracewell LLP.

**“Bond Year”** means each one-year period that ends on the day selected by the Borrower in a certificate provided to the Governmental Lender and the Fiscal Agent. The first and last bond years may be short periods. If no day is selected by the Borrower before the earlier of the final maturity date of the Governmental Note or the date that is five years after the Issue Date of the Governmental Note, a bond year will end on each anniversary of the Issue Date of the Governmental Note and on the final maturity date of the Governmental Note.

**“Borrower Loan”** means the mortgage loan made by the Governmental Lender to the Borrower pursuant to the Borrower Loan Agreement.

**“Borrower Loan Agreement”** means the Borrower Loan Agreement among the Governmental Lender and the Borrower, dated as of [July 1], 2025.

**“Code”** means the Internal Revenue Code of 1986, as amended, and, with respect to a specific section thereof, such reference is deemed to include (a) the Regulations promulgated under such section, (b) any successor provision of similar import hereafter enacted, (c) any corresponding provision of any subsequent Internal Revenue Code and (d) the regulations promulgated under the provisions described in (b) and (c).

**“Computation Date”** means each Installment Computation Date and the Final Computation Date.

**“Costs of Issuance”** means costs to the extent incurred in connection with, and allocable to, the issuance of an issuance of obligations within the meaning of section 147(g) of the Code. For example, Costs of Issuance include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

**“Costs of Issuance Fund”** means the “Costs of Issuance Fund” established pursuant to the Funding Loan Agreement, with a Funding Loan Proceeds Subaccount and an Equity Subaccount therein.

***“Favorable Opinion of Bond Counsel”*** means, with respect to any action, or omission of an action, the taking or omission of which requires such an opinion, an unqualified written opinion of Bond Counsel to the effect that such action or omission does not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Governmental Note under existing law (subject to the inclusion of any exceptions contained in the opinion of Bond Counsel delivered upon the original issuance of the Governmental Note or other customary exceptions acceptable to the recipient thereof).

***“Fee Owner”*** means DHFC The Legacy on Kiest Landowner, LLC.

***“Final Computation Date”*** means the date on which the final payment in full of the Governmental Note is made.

***“Financial Advisor”*** means Hilltop Securities Inc.

***“Form 8038”*** means IRS Form 8038, Information Return for Tax-Exempt Private Activity Bond Issues.

***“Funding Lender”*** means Community Housing Investment Partners II, LP.

***“Funding Loan Agreement”*** means the Funding Loan Agreement by and between the Governmental Lender, the Fiscal Agent, and the Funding Lender, dated as of [July 1], 2025.

***“Governmental Note Payment Fund”*** means the “Governmental Note Payment Fund” established pursuant to the Funding Loan Agreement.

***“Gross Proceeds”*** means any Proceeds and any Replacement Proceeds.

***“Installment Computation Date”*** means the last day of the fifth Bond Year and each succeeding fifth Bond Year.

***“Investment Proceeds”*** has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

***“IRS”*** means the Internal Revenue Service.

***“Issue Date”*** means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

***“Issue Price”*** has the meaning ascribed to it in section 1.148-1(f) of the Regulations.

***“Median Gross Income for the Area”*** means, with respect to the Project, the median income for the households in the area which includes the standard metropolitan statistical area in which the Project is located, as determined from time to time by the Secretary of HUD, under Section 8 of the Housing Act (or if such program is terminated, median income determined under the program in effect immediately before such termination), in each case as adjusted for family size.

**“Minor Portion”** means that portion of the Gross Proceeds of the Governmental Note that does not exceed in the aggregate \$100,000.

**“Net Proceeds”** means Sale Proceeds, less the portion of any Sale Proceeds invested in a reasonably required reserve or replacement fund.

**“Nonpurpose Investment”** means any “investment property,” within the meaning of section 148(b) of the Code, that is not a purpose investment acquired to carry out the governmental purpose of the Governmental Note.

**“Official Intent Date”** means April 11, 2024.

**“Original Issue Discount”** means the excess of the Stated Redemption Price at Maturity over the Issue Price.

**“Original Issue Premium”** means the excess of the Issue Price over the Stated Redemption Price at Maturity.

**“Other Funds”** means the “Replacement Reserve Fund,” the “Tax and Insurance Escrow Fund,” the “Taxable Loan Payment Fund,” and the “Taxable Loan Account,” “Equity Account,” “Equity Subaccount” of the Capitalized Interest Account, and “Subordinate Debt Account” of the Project Fund established pursuant to the Funding Loan Agreement and the “Operating Reserve Account” established pursuant to the Borrower Loan Agreement.

**“Permitted Investments”** has the meaning set forth in the Funding Loan Agreement.

**“Placed in Service”** has the meaning set forth in section 1.150-2(c) of the Regulations and means, with respect to a facility, the date on which, based on all the facts and circumstances, (a) the facility reaches a degree of completion that will permit its operation at substantially its design level, and (b) the facility is, in fact, in operation at such level.

**“Pre-Issuance Accrued Interest”** has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

**“Preliminary Expenditures”** are described in section 1.150-2(f)(2) of the Regulations and include architectural, engineering, surveying, soil testing, reimbursement bond issuance and similar costs that are incurred prior to commencement of acquisition, construction or rehabilitation of a project, but do not include land acquisition, site preparation and similar costs incident to the commencement of construction or rehabilitation.

**“Proceeds”** has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

**“Project”** means an approximately 180-unit multifamily residential housing development to be located at 2621 Southerland Avenue, Dallas, Dallas County, Texas 75203.

***“Project Costs”*** has the meaning set forth in the Funding Loan Agreement.

***“Project Fund”*** means the “Project Fund” established pursuant to the Funding Loan Agreement, with a Funding Loan Proceeds Account, an Equity Account and a Capitalized Interest Account (containing a Funding Loan Proceeds Subaccount and an Equity Subaccount) therein.

***“Qualified Administrative Costs”*** are those costs of issuing, carrying or repaying the Governmental Note, and any underwriter’s discount. Qualified Administrative Costs do not include the costs of issuing, carrying or repaying the Borrower Loan.

***“Qualified Project Costs”*** means Project Costs that meet the following requirements:

(a) The costs are chargeable to a capital account with respect to the Project for federal income tax purposes, or would be so chargeable either with a proper election by the Borrower or but for the proper election by the Borrower to deduct those amounts; provided, however, that only such portion of the interest accrued on the Governmental Note during, and fees for a “qualified guarantee” (within the meaning of section 1.148-4 of the Regulations) attributable to the period of, the construction of the Project will constitute Qualified Project Costs as bear the same ratio to all such interest or fees, as applicable, as the Qualified Project Costs bear to all Project Costs.

(b) If any portion of the Project is being constructed or rehabilitated by the Borrower or a Related Person to the Borrower (whether as a general contractor or a subcontractor), such costs include only (i) the actual out-of-pocket costs incurred by the Borrower or such Related Person in constructing or rehabilitating the Project (or any portion thereof), (ii) any reasonable fees for supervisory services actually rendered by the Borrower or such Related Person (but excluding any profit component) and (iii) any overhead expenses incurred by the Borrower or such Related Person that are directly attributable to the work performed on the Project and do not include, for example, intercompany profits resulting from members of an affiliated group (within the meaning of section 1504 of the Code) participating in the construction of the Project or payments received by such Related Person due to early completion of the Project (or any portion thereof).

(c) The costs are not Costs of Issuance.

(d) (i) The costs were paid no earlier than 60 days prior to the Official Intent Date and (ii) the reimbursement allocation is made no later than 18 months after the later of (A) the date the expenditure was paid and (B) the date the Project is Placed in Service or abandoned, but in no event more than three years after the original expenditure is paid; provided that such limitations do not apply to any amount not in excess of \$100,000 or to Preliminary Expenditures that do not exceed 20 percent of the Sale Proceeds of the Governmental Note.

***“Qualified Project Period”*** means, with respect to the Project, the period beginning on the first day on which 10 percent of the Units are occupied and ending on the latest of (a) the date that is 15 years after the date on which 50 percent of the Units are occupied, (b) the first day on which no tax-exempt private activity bond (as that phrase is used in section 142(d)(2) of the Code) issued

with respect to the Project is outstanding for federal income tax purposes or, (c) the date on which any assistance provided with respect to the Project under Section 8 of the Housing Act terminates.

**“Qualifying Tenant”** means a tenant whose Annual Income is 60 percent or less of Median Gross Income for the Area, as determined under sections 142(d)(2)(B) and (E) of the Code. If all the occupants of a Unit are students (as defined under section 152(f)(2) of the Code), no one of whom is entitled to file a joint return under section 6013 of the Code, such occupants are not Qualifying Tenants, unless such students meet the qualifications under section 42(i)(3)(D) of the Code.

**“Rebate Amount”** has the meaning set forth in section 1.148-3(b) of the Regulations and, generally, means the excess, as of any date, of the future value of all receipts on Nonpurpose Investments over the future value of all payments on Nonpurpose Investments all as determined in accordance with section 1.148-3 of the Regulations.

**“Rebate Analyst”** means a Person that is (a) qualified and experienced in the calculation of rebate payments under section 148 of the Code, (b) chosen by the Borrower, and (c) engaged for the purpose of determining the amount of required deposits, if any, to the Rebate Fund.

**“Rebate Fund”** means the “Rebate Fund” established pursuant to the Funding Loan Agreement.

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

**“Regulatory Agreement”** means the Regulatory and Land Use Restriction Agreement among the Governmental Lender, the Fiscal Agent, the Fee Owner, and the Borrower, dated as of [July 1], 2025.

**“Related Party”** means, in reference to a governmental unit or a 501(c)(3) organization, any member of the same controlled group, and, in reference to a person that is not a governmental unit or a 501(c)(3) organization, a Related Person.

**“Related Person”** has the meaning set forth in section 144(a)(3) of the Code. A person is a “Related Person” to another person if the relationship between such persons would result in a disallowance of losses under sections 267 or 707(b) of the Code or such persons are members of the same controlled group of corporations (as defined in section 1563(a) of the Code, except that “more than 50 percent” is substituted for “at least 80 percent” each place it appears therein).

**“Replacement Proceeds”** has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue of obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

**“Sale Proceeds”** has the meaning set forth in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other



disposition) of any obligation, including amounts used to pay underwriters' discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

**“State”** means the State of Texas.

**“Stated Redemption Price at Maturity”** means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

**“Substantial User”** has the meaning given to such term in section 1.103-11(b) of the Regulations, and generally includes any person who regularly uses a part of a facility in its trade or business and (i) such facility, or part thereof, is specifically constructed, reconstructed, or acquired for such person or (ii) such person (A) receives more than five percent of the total revenue derived by all users of such facility as gross revenue or (B) occupies more than five percent of the entire usable area of the facility.

**“Unit”** means a residential accommodation containing separate and complete facilities for living, sleeping, eating, cooking and sanitation; provided that, a residential accommodation will not fail to be treated as a “Unit” merely because it is a single-room occupancy unit (within the meaning of section 42 of the Code).

**“Weighted Average Maturity”** means the sum of the products of the Issue Price and the number of years to maturity (taking into account mandatory redemptions) of an obligation, divided by the aggregate Issue Price of such obligation.

**“Yield”** on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal, interest and fees for qualified guarantees to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments to be received on the investment produces an amount equal to all payments for the investment.

**“Yield Reduction Payments”** means amounts paid in accordance with section 1.148-5(c) of the Regulations that are treated as payments that reduce the Yield on an investment.

**“40-60 Test”** means the requirement set forth in section 142(d)(1)(B) of the Code providing that 40 percent or more of the Units in the Project be occupied by individuals whose income is 60 percent or less of the Median Gross Income for the Area.

## 2. Authorized Representatives.

(a) Governmental Lender. The undersigned representative of the Governmental Lender represents that such representative (i) is charged, along with others, with the responsibility for the Governmental Note and, as such, the undersigned is familiar

with the facts herein certified and is authorized on behalf of the Governmental Lender to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Governmental Lender personnel and consultants to the Governmental Lender, the undersigned representative of the Governmental Lender has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(b) Borrower. The undersigned representative of the Borrower represents that such representative (i) is a duly chosen, qualified and acting officer or other representative of the Borrower, which will be the owner of the Project and, as such, the undersigned is familiar with the facts herein certified and is authorized on behalf of the Borrower to execute and deliver this Agreement and (ii) is aware of the provisions of sections 103 and 142 through 150, inclusive, of the Code. To the extent that the representations, expectations, certifications, covenants and warranties set forth herein are based on information and data accumulated and analyzed by Borrower personnel and consultants to the Borrower, the undersigned representative of the Borrower has reviewed such representations, expectations, certifications, covenants and warranties with such personnel and consultants to confirm their completeness and accuracy.

(c) Fiscal Agent. The undersigned representative of the Fiscal Agent represents that such representative is a duly chosen, qualified and acting officer or other representative of the Fiscal Agent and is authorized on behalf of the Fiscal Agent to execute and deliver this Agreement.

3. Reasonable Expectations. The Governmental Lender and the Borrower hereby affirm that the facts and estimates that are set forth in this Agreement are accurate and the expectations that are set forth in this Agreement are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. The Governmental Lender has also relied, to the extent appropriate, on (a) the Certificate of Funding Lender attached hereto as Exhibit A and (b) the Certificate of Financial Advisor attached hereto as Exhibit B. The undersigned representatives of the Governmental Lender and the Borrower are aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of the representations set forth in such certificates.

4. Reliance on Borrower's Representations and Covenants. Except as otherwise indicated in this Agreement, the representations, expectations, certifications, covenants and warranties of the Governmental Lender concerning the use and investment of the Proceeds of the Governmental Note and certain other matters described in this Agreement are based solely upon representations, expectations, certifications, covenants and warranties of the Borrower, as set forth in this Agreement or in the Exhibits attached hereto. In relying upon such representations, expectations, certifications, covenants and warranties of the Borrower, the Governmental Lender has not made any independent investigations of the matters pertaining thereto. The Governmental Lender is not aware of any facts or circumstances that would cause it to question the accuracy or

reasonableness of any representation, expectations, certifications, covenants and warranties of the Borrower made in this Agreement or in the Exhibits attached hereto.

5. Completeness of Borrower Information. The Borrower has supplied or caused to be supplied to Bond Counsel all documents, instruments and written information requested by Bond Counsel, and all such documents, instruments and written information supplied by or on behalf of the Borrower at the request of Bond Counsel, which have been reasonably relied upon by Bond Counsel in rendering its opinion with respect to the excludability from gross income for federal income tax purposes of the interest on the Governmental Note, are true and correct in all material respects, do not contain any untrue statement of a material fact and do not omit to state any material fact necessary to be stated therein to make the information provided therein, in light of the circumstances under which such information was provided, not misleading, and the Borrower is not aware of any other pertinent information for which Bond Counsel has not asked. After due investigation, there is no information not obtained, or any investigation or inspection not heretofore pursued, that would be relevant or material to the certifications set forth below.

6. General Requirements Relating to the Issuance of the Governmental Note.

(a) Governmental Purpose. The Borrower has applied to the Governmental Lender and been approved for the Borrower Loan to be made from the Proceeds of the Governmental Note. The proceeds of the Borrower Loan (and, thus, the Proceeds of the Governmental Note) will be used to finance a portion of the Project Costs.

(b) Public Hearing and Approval. As required under section 147(f) of the Code, the Issuer hosted a public hearing on April 24, 2025, regarding the Governmental Note and the Project and for which there was reasonable public notice. The Attorney General of the State approved the issuance of the Governmental Note.

(c) Volume Cap. The Governmental Lender has received from the Texas Bond Review Board a reservation of State private activity bond volume cap in an amount no less than the aggregate principal amount of the Governmental Note (or if greater, the Issue Price of the Governmental Note) for the purpose of issuing the Governmental Note to finance the Project.

(d) Issue. There are no other obligations that (i) are sold at substantially the same time as the Governmental Note (i.e., less than 15 days apart), (ii) are sold pursuant to the same plan of financing with the Governmental Note, and (iii) will be paid out of substantially the same source of funds as the Governmental Note.

(e) Form 8038. The Borrower has examined the completed Form 8038 with respect to the Governmental Note, including accompanying schedules and statements, and, to the best of the Borrower's knowledge and belief, the information in Parts IV and V, which was furnished by the Borrower, is true, correct, and complete. The Governmental Lender will cause Form 8038 with respect to the Governmental Note to be filed timely with the IRS.

(f) Substantial User. No person that was a Substantial User of the Project at any time during the five-year period before the Issue Date of the Governmental Note or

any Related Person to such Substantial User will (i) receive (directly or indirectly) more than five percent of the Proceeds of the Governmental Note for such user's interest in the Project and (ii) be a Substantial User of the Project at any time during the five-year period after the Issue Date of the Governmental Note. For purposes of this subparagraph, a user that is a governmental unit within the meaning of section 1.103-1 of the Regulations is disregarded.

(g) Program Covenant. Neither the Borrower nor any Related Party of the Borrower is, or will be, a party to any agreement, formal or informal, pursuant to which it will purchase any of the Governmental Note in an amount related to the amount of the Borrower Loan made to the Borrower unless the Borrower or such Related Party provides a Favorable Opinion of Bond Counsel to the Governmental Lender.

(h) No Federal Guarantee. Neither the Governmental Lender nor the Borrower will take any action that would result in all or any portion of the Governmental Note being treated as federally guaranteed within the meaning of section 149(b)(2) of the Code.

(i) Borrower's EIN. The Borrower represents that the Borrower's EIN is 33-2187321.

7. Sale Proceeds of the Governmental Note. The amount of Sale Proceeds received by the Governmental Lender from the sale of the Governmental Note is \$[30,000,000.00], which represents the Stated Redemption Price at Maturity of the Governmental Note. The Sale Proceeds of the Governmental Note will be loaned to the Borrower and deposited in the Funding Loan Proceeds Account of the Project Fund to pay Project Costs. The aggregate amount of the Project Costs is anticipated to exceed such amount. Any Project Costs not financed out of Proceeds of the Governmental Note will be financed out of the Borrower's available funds.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Governmental Note.

9. Use of Proceeds of the Governmental Note.

(a) Qualified Project Costs. At least 95 percent of the Net Proceeds of the Governmental Note actually expended will be used to pay or reimburse Qualified Project Costs. Not more than five percent of the Net Proceeds of the Governmental Note will be expended for or allocated to Project Costs that are not Qualified Project Costs.

For purposes of this subparagraph (a) the Project includes only: (i) those portions of buildings included in the Project that are (A) separate and complete facilities for living, sleeping, eating, cooking and sanitation that will be used on other than a transient basis by one or more persons and that will be available on a regular basis for use by members of the general public and will be rented, or available for rental, on a continuous basis during the Qualified Project Period, and (B) facilities in building areas that are functionally related and subordinate thereto, such as centrally located machinery and equipment and common areas in a typical apartment building (but not including any health club facilities, except a facility that will be available only to tenants and their guests with no separate fee to be paid for the use of such facility); and (ii) land and other facilities that are properly allocable to

such living facilities, such as parking areas and recreational areas for occupants of the living facilities.

Further, all of the allocable functionally related and subordinate land areas, facilities, and building areas taken into account in determining Qualified Project Costs under this subparagraph (a) are of a character and size commensurate with the number and size of the living facilities and are not functionally related and subordinate to, or properly allocable to, any other facilities.

(b) Additional Limitations.

(i) Costs of Issuance. No Costs of Issuance are expected to be paid out of the Net Proceeds of the Governmental Note. Any Costs of Issuance financed out of Net Proceeds of the Governmental Note will not exceed in the aggregate two percent of the Sale Proceeds of the Governmental Note (i.e., \$[600,000]). Costs of Issuance in excess of two percent of Sale Proceeds of the Governmental Note will be paid by the Borrower from sources other than Net Proceeds of the Governmental Note.

(ii) Capitalized Interest. [Net proceeds of the Governmental Note will not be used to pay interest on the Governmental Note accruing after the Placed in Service Date of the Project].

(iii) Acquisition of Existing Property. No portion of the Net Proceeds of the Governmental Note will be used to pay or reimburse the cost of acquiring any property or an interest therein unless, except for land, the first use of such property is pursuant to such acquisition.

(iv) Limitation on Land Acquisition. The Borrower does not expect to use any Net Proceeds of the Governmental Note (directly or indirectly) to acquire land (or an interest therein). In no event will 25 percent or more of the Net Proceeds of the Governmental Note be used (directly or indirectly) to acquire land (or an interest therein) and no portion of the Net Proceeds of the Governmental Note will be used (directly or indirectly) for farming purposes. For this purpose, an amount is considered used for the acquisition of land (or an interest thereon) to the extent that a portion of the acquisition cost of the Project that is properly allocable for all federal income tax purposes to the land component (including interests in land) of the Project.

(v) Prohibited Facilities. None of the Proceeds of the Governmental Note will be used to acquire, construct, or equip, and no portion of the Project will be, an airplane, a skybox or any other type of luxury box, a health club facility, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises; provided that, any fitness room functionally related to and subordinate to the Project for use by tenants of the Project or their guest is not considered a health club facility for purposes of this subparagraph.

(vi) Payments to Related Persons. Any amount of Proceeds of the Governmental Note paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower will not exceed an arm's-length charge that is the amount that would be charged to a person other than the Borrower. Further, any amount of Proceeds of the Governmental Note paid to a Related Person to the Borrower or any affiliated person that is not a Related Person to the Borrower would be paid under the same circumstances by a person other than the Borrower to such affiliated person or entity. Notwithstanding the foregoing, in no event will amounts of Proceeds of the Governmental Note that are paid to a Related Person to the Borrower be treated as spent until such amounts are spent on capital expenditures by such Related Person.

(vii) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Governmental Note (and that is directly related to the Project), the Proceeds of the Governmental Note will only be expended for (A) costs that would be chargeable to the capital account of the Project if the Governmental Lender's income were subject to federal income taxation; (B) interest on the Governmental Note in an amount that does not cause the aggregate amount of interest paid on the Governmental Note to exceed that amount of interest on the Governmental Note that is attributable to the period that commences on the Issue Date of the Governmental Note and ends on the later of (1) the date that is three years from the Issue Date of the Governmental Note or (2) the date that is one year after the date on which the Project is Placed in Service; and/or (C) fees for a qualified guarantee of the Governmental Note or payment for a qualified hedge on the Governmental Note.

(viii) No Pooling. The Proceeds of the Governmental Note are not being used directly or indirectly to make or finance loans to two or more ultimate unrelated borrowers.

(ix) Weighted Average Economic Life. The Weighted Average Maturity of the Governmental Note, as calculated by the Financial Advisor as set forth in Exhibit B hereto, is [WAM] years. The weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Governmental Note is at least [WAM/1.2] years. Thus, the Weighted Average Maturity of the Governmental Note is not more than 120 percent of the weighted average reasonably expected economic life of the portion of the Project financed with Proceeds of the Governmental Note. Such weighted average reasonably expected economic life is determined in accordance with the following assumptions: (A) the weighted average is determined by taking into account the respective costs of each asset, excluding land; (B) the reasonably expected economic life of an asset is determined as of the later of (1) the Issue Date of the Governmental Note or (2) the date on which such asset is originally Placed in Service (or expected to be Placed in Service); and (C) the economic lives for the itemized assets are the useful lives that would have been used for depreciation purposes under section 167 of the Code prior to the enactment of the ACRS system under section 168 of the Code (i.e., the mid-point lives under the Class Life Asset

Depreciation Range System of section 167(m) of the Code where applicable and the guideline lives under Revenue Procedure 62-21, 1962-2 C.B. 418, in the case of structures). The Borrower hereby covenants not to make any changes to the Project that would, at the time made, cause the remaining Weighted Average Maturity of the Governmental Note to be more than 120 percent of the remaining weighted average estimated economic life of the portion of the Project financed with Proceeds of the Governmental Note.

(c) Reimbursement. The Borrower will not use Proceeds of the Governmental Note to reimburse itself for expenditures paid prior to the Issue Date of the Governmental Note.

(d) Allocations and Accounting. The Borrower will prepare a final allocation of the Proceeds of the Governmental Note to expenditures not later than 18 months after the later of the date the original expenditure is made or the date the Project is Placed in Service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Governmental Note or the retirement of the Governmental Note, if earlier; provided that, if such allocation is made pursuant to a reimbursement expenditure described above, such reimbursement allocation will in no event be made later than the date that is three years after the date each such original expenditure is paid. The Borrower hereby elects to consistently allocate the expenditure of Proceeds of the Governmental Note to Qualified Project Costs of the Project. No Proceeds of the Governmental Note will be allocated to any expenditures to which Proceeds of any other tax-exempt obligations have heretofore been allocated.

10. Issue Price. In accordance with section 1.148-1(f)(2)(iv) of the Regulations, the Governmental Lender hereby identifies in its books and records maintained for the Governmental Note the rule the Governmental Lender will use to determine the Issue Price for each maturity of the Governmental Note as the rule set forth in the second sentence of section 1.148-1(f)(2)(i) of the Regulations, i.e. the Issue Price is the price paid by the single buyer. Based on the representations set forth in Exhibit A hereto, the aggregate Issue Price of the Governmental Note is \$[30,000,000]. The Issue Price of the Governmental Note represents the Stated Redemption Price at Maturity (excluding Pre-Issuance Accrued Interest for those Note the interest on which is paid at least once annually) of the Governmental Note.

11. Yield on the Governmental Note. The Governmental Lender and the Borrower hereby represent, covenant and agree as follows:

(a) The Yield on the Governmental Note is the discount rate that, when used in computing the present value as of the Issue Date of the Governmental Note, of all unconditionally payable payments of principal and interest on the Governmental Note, produces an amount equal to the present value, using the same discount rate, of the Issue Price of the Governmental Note plus any Pre-Issuance Accrued Interest as of the Issue Date of the Governmental Note.

(b) The Yield with respect to that portion of the Governmental Note, if any, subject to optional redemption is computed by treating such portion of the Governmental

Note as retired at the Stated Redemption Price at Maturity because (i) the Governmental Lender has no present intention to redeem prior to maturity the portion of the Governmental Note that is subject to optional redemption; (ii) the Governmental Note is not subject to optional redemption at any time for a price less than the retirement price at final maturity plus accrued interest; (iii) the Governmental Lender has no present intention of exercising its right to optionally redeem the Governmental Note within five years of the Issue Date of the Governmental Note; (iv) no portion of the Governmental Note subject to optional redemption is issued at an Issue Price that exceeds the Stated Redemption Price at Maturity of such portion of the Governmental Note by more than one-fourth of one percent multiplied by the product of the Stated Redemption Price at Maturity of such portion of the Governmental Note and the number of complete years to the first optional redemption date for such portion of the Governmental Note; and (v) no portion of the Governmental Note subject to optional redemption bears interest at a rate that increases during the term of the Governmental Note.

(c) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Governmental Note, calculated in the manner set forth above, is [Governmental Note Yield] percent.

(d) Neither the Governmental Lender nor the Borrower has entered into any hedging transaction with respect to the Governmental Note, and each covenants not to enter into a hedging transaction with respect to the Governmental Note unless there is first received a Favorable Opinion of Bond Counsel.

12. Yield on the Borrower Loan. The Governmental Lender and the Borrower hereby represent, covenant and agree as follows:

(a) The Borrower Loan is allocated to the Governmental Note. The Yield on the Borrower Loan is computed using the same compounding interval and financial conventions used to compute the Yield on the Governmental Note. For the purposes of this Agreement, the Yield on the Borrower Loan is the discount rate that, when used in computing the present value as of the Issue Date of the Governmental Note of all receipts with respect to the Borrower Loan, produces an amount equal to the present value, using the same discount rate, of the aggregate payments with respect to the Borrower Loan as of the Issue Date of the Governmental Note. The aggregate payments made to the Borrower with respect to the Borrower Loan include no payments other than the “purchase price” of the Borrower Loan. The purchase price of the Borrower Loan is the amount loaned to the Borrower by the Governmental Lender on the Issue Date of the Governmental Note, i.e. \$[30,000,000].

(b) The Borrower Loan is a purpose investment that the Governmental Lender intends to treat as a “program investment” within the meaning of section 1.148-1 of the Regulations, because it is part of a governmental program (i) that involves the origination or acquisition of purpose investments; (ii) in which at least 95 percent of the cost of the purpose investments acquired under the program represents one or more loans to a substantial number of persons representing the general public, states or political subdivisions, organizations exempt from tax under section 501(c)(3) of the Code, persons



who provide housing and related facilities, or any combination of the foregoing; (iii) in which at least 95 percent of the receipts from the purpose investments are used to pay principal, interest, or redemption prices on issues that financed the program, to pay or reimburse administrative costs of those issues or of the program, to pay or reimburse anticipated future losses directly related to the program, to finance additional purpose investments for the same general purposes of the program, or to redeem and retire governmental obligations at the next earliest possible date of redemption; and (iv) in which the program documents prohibit any obligor on a purpose investment financed by the program or any “related party,” within the meaning of section 1.150-1(b) of the Regulations, to that obligor from purchasing bonds of an issue that finance the program in an amount related to the amount of the purpose investment acquired from that obligor. The Governmental Lender has not waived the right to treat the Borrower Loan as a program investment.

(c) The receipts from the Borrower with respect to the Borrower Loan include interest and principal payments with respect to the Borrower Loan and the Qualified Administrative Costs paid by the Borrower, and the Qualified Administrative Costs paid by the Borrower have been taken into account, as provided by section 1.148-5(e) of the Regulations, for purposes of computing the Yield on the Borrower Loan. Because the Governmental Lender intends to treat the Borrower Loan as a “program investment” within the meaning of section 1.148-1 of the Regulations, the Qualified Administrative Costs do not include the costs or expenses paid, directly or indirectly, to purchase, carry, sell, or retire the Borrower Loan, which include amounts paid directly to the Governmental Lender as set forth in Exhibit C hereto.

(d) As set forth in the Certificate of Financial Advisor attached hereto as Exhibit B, the Yield on the Borrower Loan, calculated in the manner set forth above, is [Borrower Loan Yield], which does not exceed the Yield on the Governmental Note by more than 1.5 percentage points.

13. Investment of Proceeds Pending Expenditure; No Arbitrage.

(a) Investment Proceeds. Amounts on deposit in the Project Fund may be comprised of Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note or any tax-exempt obligation. If Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note are commingled, the Borrower will take into account for purposes of its covenant to comply with the arbitrage and rebate requirements that Proceeds of the Governmental Note and amounts that are not Proceeds of the Governmental Note have been commingled as an investment. Investment Proceeds resulting from the investment of any Proceeds of the Governmental Note pending expenditure of such Proceeds for Project Costs will be used to pay Qualified Project Costs or, if not used to pay Qualified Project Costs, such amounts will be treated as “bad costs.”

(b) Minor Portion and Yield Reduction Payments. All Gross Proceeds of the Governmental Note will be invested in accordance with the “Funds” paragraph herein. To the extent such amounts remain on hand following the periods set forth in the “Funds” paragraph herein or exceed the limits set forth in the “Funds” paragraph herein, such

amounts will be invested at a restricted Yield as set forth in such paragraph; provided, however, that an amount not to exceed the Minor Portion may be invested at a Yield that is higher than the Yield on the Governmental Note and, provided further, that, if permitted by section 1.148-5(c) of the Regulations, the Yield restriction requirements may be satisfied by making Yield Reduction Payments to the federal government.

(c) Governmental Note Is Not A Hedge Bond. Not more than 50 percent of the Proceeds of the Governmental Note will be invested in Nonpurpose Investments having a substantially guaranteed Yield for four years or more. Further, at least 85 percent of the spendable Proceeds of the Governmental Note are reasonably expected to be used to carry out the governmental purposes of the Governmental Note within the three-year period beginning on the Issue Date of the Governmental Note.

(d) No Arbitrage. On the basis of the facts, estimates and circumstances set forth in this Agreement, it is expected by the Governmental Lender and the Borrower that the Gross Proceeds of the Governmental Note will not be used in a manner that would cause the Governmental Note to be an “arbitrage bond” within the meaning of section 148 of the Code. To the best of the knowledge and belief of the undersigned representatives of the Governmental Lender and the Borrower, there are no other facts, estimates or circumstances that would materially change such expectations. Except as provided in the Funding Loan Agreement and the Borrower Loan Agreement, the Borrower will not pledge or otherwise encumber, or permit the pledge or encumbrance of, any money, investment, or investment property as security for payment of any amounts due under the Borrower Loan Agreement or the note relating to the Borrower Loan, will not establish any segregated reserve or similar fund for such purpose and will not prepay any such amounts in advance of the redemption date of an equal principal amount of the Governmental Note, unless in each case there will have been delivered a Favorable Opinion of Bond Counsel. The Borrower will not, at any time prior to the final maturity of the Governmental Note, direct or permit the Fiscal Agent to invest Gross Proceeds of the Governmental Note in any investment (or to use Gross Proceeds of the Governmental Note to replace money so invested), if as a result of such investment the Yield of all investments acquired with Gross Proceeds (or with money replaced thereby) on or prior to the date of such investment exceeds the Yield of the Governmental Note to stated maturity, except as permitted by section 148 of the Code. The Governmental Lender and the Borrower further covenant and agree that each will comply with and will take all action reasonably required to ensure that the Fiscal Agent complies with all applicable requirements of section 148 of the Code relating to the Governmental Note and the interest thereon.

(e) [Guaranteed Investment Contract. If Proceeds of the Governmental Note are co-mingled as an investment in a guaranteed investment contract (the “GIC”), the Borrower will take into account for purposes of its covenant to comply with the rebate requirement that proceeds of the Governmental Note and amounts that are not proceeds of the Governmental Note have been co-mingled as an investment in the GIC and will comply with the requirements of section 1.148-5(d)(6)(iii) of the Regulations.]

14. Covenants of Fiscal Agent Relating to Investment of Proceeds. The Fiscal Agent will invest funds held under the Funding Loan Agreement in accordance with the respective terms

of the Funding Loan Agreement and this Agreement, which covenant will extend throughout the term of the Governmental Note, to all funds and accounts created under the Funding Loan Agreement and this Agreement and all moneys on deposit to the credit of any fund or account.

Should the Governmental Lender or the Borrower deliver notice (in the manner required under the Funding Loan Agreement or the Borrower Loan Agreement, as applicable) to the Fiscal Agent (it being understood that neither the Governmental Lender nor the Borrower has an obligation to so deliver) or should the Fiscal Agent receive an opinion of Bond Counsel to the effect that any proposed investment or other use of Proceeds of the Governmental Note would cause the Governmental Note to become an “arbitrage bond” within the meaning of section 148 of the Code, then the Fiscal Agent will comply with any written direction of the Borrower regarding such investment or use so as to prevent the Governmental Note from becoming an “arbitrage bond.”

The Governmental Lender and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Fiscal Agent will be deemed to have complied with such provisions and will have no liability to the extent the Fiscal Agent materially follows the written directions of the Borrower or the Governmental Lender. The Fiscal Agent is not liable or responsible for monitoring compliance by the Borrower, the Governmental Lender or the Rebate Analyst with any of the requirements of section 148 of the Code or any applicable regulation, ruling or other judicial or administrative interpretation thereof, it being acknowledged and agreed that the sole obligation of the Fiscal Agent in this regard is (i) to invest the moneys received by the Fiscal Agent pursuant to the written instructions of the Borrower or Governmental Lender in specific investments identified by the Borrower, or in the absence of such identification, to make investments as otherwise provided herein and to disburse said moneys in accordance with the terms of the Funding Loan Agreement and this Agreement and (ii) to materially follow investment instructions as provided in the Funding Loan Agreement and this Agreement.

15. Compliance with Yield Reduction and Rebate Requirements; Rebate Fund.

(a) Covenant to Comply with Rebate Requirements. The Governmental Lender and the Borrower covenant to comply with the requirement that (i) if Gross Proceeds of the Governmental Note have been invested at a Yield that is “materially higher” than the Yield on the Governmental Note and Yield Reduction Payments are permitted under section 1.148-5(c)(3) of the Regulations, Yield Reduction Payments be made to the federal government and (ii) “rebtable arbitrage earnings” on the investment of the Gross Proceeds of the Governmental Note, within the meaning of section 148(f) of the Code, be rebated to the federal government.

(b) Rebate Fund. The Funding Loan Agreement established the Rebate Fund, which will be maintained and held in trust by the Fiscal Agent and which will be disbursed and applied only as herein authorized in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph. Notwithstanding anything herein to the contrary, all provisions of the Funding Loan Agreement relating to the general administration of the funds created thereunder will apply to the Rebate Fund, and the Fiscal Agent is afforded all the rights, protections and immunities otherwise accorded to it thereunder as if the

provisions set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph were set forth in the Funding Loan Agreement.

(c) Delivery of Documents and Money by Borrower on Computation Dates.  
The Borrower will deliver to the Fiscal Agent and the Governmental Lender, within 55 days after each Computation Date:

(i) (A) a statement, signed by an officer or other authorized representative of the Borrower, stating the Rebate Amount as of such Computation Date and the amount of any Yield Reduction Payments due, and (B) a copy of the report prepared by the Rebate Analyst in connection therewith;

(ii) (A) if such Computation Date is an Installment Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to at least 90 percent of the Rebate Amount and Yield Reduction Payments due as of such Installment Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations), made to the United States of America or (B) if such Computation Date is the Final Computation Date, an amount that, together with any amount then held for the credit of the Rebate Fund, is equal to the Rebate Amount and Yield Reduction Payments due as of such Final Computation Date, less any “previous rebate payments” (determined in accordance with section 1.148-3(f)(1) of the Regulations) made to the United States of America; and

(iii) an IRS Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate (“Form 8038-T”) properly signed and completed as of such Computation Date.

(d) Administration of Rebate Fund and Payment of Rebate.

(i) The Fiscal Agent will deposit or transfer to the credit of the Rebate Fund, pursuant to written direction from the Borrower, each amount delivered to the Fiscal Agent by the Borrower for deposit thereto and each amount directed by the Borrower to be transferred thereto. Within five days after each receipt or transfer of funds to the Rebate Fund, the Fiscal Agent will withdraw such funds from the Rebate Fund and pay such funds to the United States of America. The Fiscal Agent may conclusively rely on the instructions of the Borrower with regard to any actions to be taken by it pursuant to this paragraph and will have no liability for any consequences of any failure of the Borrower to perform its duties or obligations or to supply accurate or sufficient instructions. Except as specifically provided herein, the Fiscal Agent will have no duty or responsibility with respect to the Rebate Fund or the Borrower’s duties and responsibilities with respect thereto except to follow the Borrower’s specific written instructions related thereto.

(ii) Moneys and securities held by the Fiscal Agent in the Rebate Fund will not be deemed funds of the Governmental Note and are not pledged or

otherwise subject to any security interest in favor of the owners of the Governmental Note to secure the Governmental Note or any other obligations.

(iii) Moneys in the Rebate Fund will be separately invested and reinvested by the Fiscal Agent, at the written direction of the Borrower, in Permitted Investments, subject to the Code. The Fiscal Agent will sell and reduce to cash a sufficient amount of such Permitted Investments whenever the cash balance in the Rebate Fund is insufficient for its purposes. In the absence of written direction from the Borrower, the Fiscal Agent will not be responsible or liable for keeping the moneys held as part of the Rebate Fund fully invested.

(iv) The Borrower will provide to the Fiscal Agent and the Fiscal Agent will keep such records of the results of the computations made pursuant to this paragraph for a period of three years after the last Governmental Note and any tax-exempt obligations issued to refinance the Governmental Note is retired. The Fiscal Agent will keep and make available to the Governmental Lender and the Borrower such records concerning the investments of Gross Proceeds of the Governmental Note and the investments of earnings from those investments as may be requested by the Governmental Lender or the Borrower in order to enable the Borrower to make the computations required under section 148(f) of the Code.

(e) Correction of Underpayments. If the Borrower discovers or is notified as of any date that any amount required to be paid to the United States of America pursuant to this Agreement has not been paid as required or that any payment paid to the United States of America pursuant to this Agreement has failed to satisfy any requirement of section 148(f) of the Code or section 1.148-3 of the Regulations (whether or not such failure is due to any default by the Borrower, the Governmental Lender, or the Fiscal Agent), the Borrower will (i) deliver to the Fiscal Agent (for deposit to the Rebate Fund) and cause the Fiscal Agent to pay to the United States of America from the Rebate Fund (A) the Rebate Amount or Yield Reduction Payments due that the Borrower failed to pay, plus any interest specified in section 1.148-3(h)(2) of the Regulations, if such correction payment is delivered to and received by the Fiscal Agent within 175 days after such discovery or notice, or (B) if such correction payment is not delivered to and received by the Fiscal Agent within 175 days after such discovery or notice, the amount determined in accordance with clause (A) of this subparagraph plus the 100 percent penalty required by section 1.148-3(h)(1) of the Regulations, and (ii) deliver to the Fiscal Agent and the Governmental Lender a Form 8038-T completed as of such date. If such Rebate Amount or Yield Reduction Payments, together with any penalty and/or interest due, is not paid to the United States of America in the amount and manner and by the time specified in the Regulations, the Borrower will take such steps as are necessary to prevent the Governmental Note from becoming an “arbitrage bond” within the meaning of section 148 of the Code.

(f) Identification of Rebate Analyst. The contact information for the initial Rebate Analyst is:

Name: BLX Group  
Attn: Sandee Stallings

Address: 4925 Greenville Avenue, Suite 880  
Dallas, Texas 75206  
Telephone: (214) 989-2701  
E-mail: [sstallings@blxgroup.com](mailto:sstallings@blxgroup.com)

If the Borrower determines to engage the services of a different Rebate Analyst, the Borrower will provide the name and contact information for such entity to the Governmental Lender within thirty days of engagement.

(g) Fees and Expenses. The Borrower agrees to pay all of the fees and expenses of Bond Counsel, the Rebate Analyst, and any other necessary consultant employed by the Borrower, the Fiscal Agent, or the Governmental Lender in connection with computing the Rebate Amount and the Yield Reduction Payments; provided that nothing herein will be construed as the Fiscal Agent being responsible for creating, preparing or reviewing any of the computations contemplated under this Agreement.

(h) No Diversion of Rebatable Arbitrage. The Borrower will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Governmental Note that is not purchased at fair market value (as defined in section 1.148-5(d)(6)(iii) of the Regulations) or includes terms that the Borrower would not have included if the Governmental Note were not subject to section 148(f) of the Code.

(i) Amounts Not Required in Certain Circumstances.

(i) Notwithstanding the foregoing, the Borrower will not be required to perform the obligations set forth in this “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph, except for the obligation to retain accounting records and the payment of expenses as described herein, if (A) the Gross Proceeds of the Governmental Note have not been invested at a Yield that is “materially higher” than the Yield on the Governmental Note and therefore is not required to pay Yield Reduction Payments and/or (B) the Borrower has not earned any rebatable arbitrage and, therefore, is not subject to the rebate obligation set forth in section 148(f) of the Code. To the extent that the Borrower will not be required to perform such obligations, the Borrower will send written notice to the Fiscal Agent and the Governmental Lender within 55 days after the applicable Computation Date.

(ii) Notwithstanding anything to the contrary in this Agreement requiring a payment to be made based on the Rebate Analyst’s calculations showing a rebate being due, no payment will be made by the Fiscal Agent to the United States of America if the Borrower furnishes to the Governmental Lender and the Fiscal Agent a Favorable Opinion of Bond Counsel. In such event, the Borrower will be entitled to withdraw funds from the Rebate Fund to the extent provided in such Favorable Opinion of Bond Counsel.

(j) Fiscal Agent Reliance on Written Directions. The Governmental Lender and the Borrower agree that, in complying with the provisions set forth under this paragraph, the Fiscal Agent will be deemed to have complied with such provisions and will have no liability to the extent it materially follows the written directions of the Borrower, the Governmental Lender, or the Rebate Analyst.

16. Funds.

(a) Project Fund. All of the Proceeds of the Governmental Note in the Funding Loan Proceeds Account of the Project Fund and the Funding Loan Proceeds Subaccount of the Capitalized Interest Account of the Project Fund are expected to be invested and disbursed as described in the Funding Loan Agreement to pay Project Costs. The Borrower (i) reasonably expects to allocate at least 85 percent of the Net Proceeds of the Governmental Note, including amounts deposited in the Funding Loan Fund as capitalized interest, to expenditures on capital projects of the Project prior to the date that is three years after the Issue Date of the Governmental Note, (ii) has incurred, or reasonably expects to incur within six months after the Issue Date of the Governmental Note, a binding obligation to a third party that is not subject to any contingencies within the control of the Borrower pursuant to which the Borrower is obligated to expend at least five percent of the Net Proceeds of the Governmental Note on capital projects of the Project, and (iii) reasonably expects that the acquisition, construction, and equipping of the Project will proceed with due diligence to completion and the Net Proceeds of the Governmental Note are reasonably expected to be expended on the Project with reasonable dispatch; therefore, all of such amounts may be invested without regard to Yield restriction. Any amounts not so expended prior to the applicable dates set forth in the preceding sentence will thereafter be invested at a Yield that is not “materially higher” than the Yield on the Governmental Note, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(b) Governmental Note Payment Fund. Amounts on deposit in the Governmental Note Payment Fund will be used for the purposes set forth in Section 4.3 of the Funding Loan Agreement. The Governmental Note Payment Fund will be used primarily to achieve a proper matching of payments made pursuant to the Borrower Loan Agreement and debt service on the Governmental Note within each Bond Year. Any amounts in the Governmental Note Payment Fund held for longer than 13 months will be invested in obligations the Yield on which is not “materially higher” than the Yield on the Governmental Note, except as set forth in the “Investment of Proceeds Pending Expenditure; No Arbitrage—Minor Portion and Yield Reduction Payments” subparagraph herein.

(c) Costs of Issuance Fund. Amounts on deposit in the Costs of Issuance Fund will be used for the purpose of paying Costs of Issuance. Amounts remaining in the Costs of Issuance Fund after the payment of all Costs of Issuance, and in any event not later than six months following the Closing Date of the Governmental Note, will be (i) to the extent such amounts represent Proceeds of the Governmental Note, transferred to the Funding Loan Proceeds Account of the Project Fund and (ii) to the extent such amounts represent amounts that are not Proceeds of the Governmental Note, transferred to the Borrower.

There is no assurance that amounts on deposit in the Costs of Issuance Fund will be available to pay debt service on the Governmental Note.

(d) Rebate Fund. The Rebate Fund will be used in the event the Borrower is required to pay rebatable arbitrage earnings to the federal government, as described in the “Compliance with Yield Reduction and Rebate Requirements; Rebate Fund” paragraph above. Amounts on deposit in the Rebate Fund are not subject to the lien of the Funding Loan Agreement; accordingly, there is no assurance that amounts on deposit, if any, in the Rebate Fund will be available to pay debt service on the Governmental Note.

(e) Other Funds. Amounts on deposit in the Other Funds will be used for the purposes set forth in the Funding Loan Agreement. There is no assurance that amounts on deposit in the Other Funds will be available to pay debt service on the Governmental Note.

17. Replacement Proceeds. The Governmental Lender and the Borrower hereby represent as follows:

(a) No Sinking Funds. Other than the Governmental Note Payment Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Governmental Note.

(b) No Pledged Funds. Other than amounts in the Governmental Note Payment Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Governmental Note, or to a guarantor of the Governmental Note, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Governmental Note if the Governmental Lender encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Governmental Note.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Governmental Note because the Governmental Lender reasonably expects that the term of the Governmental Note will not be longer than is reasonably necessary for the governmental purpose of the Governmental Note. Furthermore, even if the Governmental Note were outstanding longer than necessary for the purpose of the Governmental Note, no Replacement Proceeds will arise because the Governmental Lender reasonably expects that no amounts will become available during the period that the Governmental Note remain outstanding longer than necessary based on the reasonable expectations of the Governmental Lender as to the amounts and timing of future revenues. The Governmental Note would be issued to achieve the governmental purpose of the Governmental Note independent of any arbitrage benefit as evidenced by the expectation that the Governmental Note reasonably would have been issued if the interest on the Governmental Note were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate and that tax credits issued under section 42 of the Code would be available in connection therewith).



18. Not an Abusive Transaction. The Governmental Lender and the Borrower hereby represent as follows:

(a) General. A device has not been and will not be employed in connection with the issuance of the Governmental Note to obtain a material financial advantage (based on arbitrage) apart from savings attributable to lower interest rates. Furthermore, no action taken in connection with the Governmental Note is or will be an abusive arbitrage device by having the effect of (i) enabling the Governmental Lender or the Borrower to exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Governmental Note over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Governmental Note are not invested in higher yielding investments over the term of the Governmental Note) and (ii) overburdening the tax-exempt bond market by issuing more bonds, issuing bonds earlier or allowing bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Governmental Note, based on all the facts and circumstances. Specifically, (A) the primary purpose of each transaction undertaken in connection with the issuance of the Governmental Note is a bona fide governmental purpose; (B) each action taken in connection with the issuance of the Governmental Note would reasonably be taken to accomplish the governmental purposes of the Governmental Note if the interest on the Governmental Note were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Governmental Note); and (C) the Proceeds of the Governmental Note will not exceed by more than a Minor Portion the amount reasonably anticipated to be necessary to accomplish the governmental purposes of the Governmental Note and will in fact not be substantially in excess of the amount of Proceeds allocated to expenditures for the governmental purposes of the Governmental Note.

(b) No Sinking Fund. No portion of the Governmental Note has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Governmental Note.

(c) No Window. No portion of the Governmental Note has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the Governmental Lender to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

(d) No Disposition. No portion of the Project is reasonably expected to be disposed of while the Governmental Note are outstanding.

(e) No Overissuance. The Net Proceeds of the Governmental Note do not exceed the total amount necessary for the governmental purposes of the Governmental Note. The issuance of the Governmental Note as sized is necessary to achieve the 50% of basis requirement of Section 42 of the Code in order for the Borrower to receive low-

income housing tax credits, without which the Project could not be provided for low-income tenants.

19. The Project. The Borrower hereby represents and covenants as follows:

(a) The Project will be comprised of (i) Units, all of which will be rented to individuals or families for residential occupancy and none of which will be owner-occupied (other than any functionally related and subordinate Units used by management for the purpose of housing any reasonably required resident managers, security personnel or maintenance personnel for the Project) and (ii) facilities, all of which are functionally related and subordinate to the aforementioned Units (i.e., facilities that are of a size and character commensurate with the size and character of such Units). All Units are similarly constructed and offer fixtures of similar quality. All amenities that are part of the Project will be made available to all residential tenants and their guests on an equal basis, regardless of the rent charged for the Unit occupied by the residential tenant.

(b) There has been and will be no substantial deviation from the description and location of the Project and the Borrower, operator or manager set forth in the notice of hearing published with respect to the Governmental Note for purposes of satisfying the requirements of section 147(f) of the Code.

(c) The Project will be designed and equipped and will be owned, maintained and operated on a continuous basis in accordance with the Borrower Loan Agreement and the Regulatory Agreement. For purposes of this subparagraph, each of the enumerated types of facilities includes the interior furnishings of such facility (including the facility's plumbing, electrical and decorating costs) and the structural components required for the facility (including the facility's walls, ceilings and special enclosures). Each such enumerated type of facility includes only those normal components of the structure in which it is located, such as the structure's structural supports, to the extent that those components are required because of the facility. The recreational facilities, if any, included as part of the Project will be available only to residential tenants and their guests and no separate fee will be required for the use of such facilities.

(d) Except to the extent that any Unit is a single room occupancy unit under section 42 of the Code, each Unit will contain separate and complete facilities for living, sleeping, eating, cooking and sanitation. Specifically, each Unit will contain a living area, a sleeping area, bathing and sanitation facilities and cooking facilities equipped with a cooking range, full-size refrigerator and sink, all of which are separate and distinct from the facilities included in other Units.

(e) The Project will consist of one or more proximate buildings or structures, together with any functionally related and subordinate facilities containing one or more similarly constructed Units, all of which (i) will be located on a single tract of land or two or more parcels of land that are contiguous except for the interposition of a road, street, stream or similar property or their boundaries meet at one or more points, (ii) will be owned by the same person for federal income tax purposes, and (iii) will be financed pursuant to a common plan.

(f) Parking spaces included in the Project are functionally related and subordinate to the Units included in the Project in that they are no greater in number than is normally appropriate for a residential rental facility that is of the size of the Project. Only tenants, prospective tenants, guests of tenants, employees of the Borrower, and employees of the manager are expected to use these parking spaces.

(g) If the Project contains a clubhouse, exercise or similar recreational facility, such facility exists as a tenant amenity and may be used by any tenant free of any separate charge and will be constructed for the exclusive use of tenants of the Project and their guests. Such facility, if any, is of a character and size commensurate with the character and size of the Project and will not be open to the general public on a membership basis.

(h) The Project will not include any nonresidential or commercial space, including particularly, without limitation, any other space or facility not described in this paragraph. Costs relating to the acquisition, construction and equipping of any nonresidential or commercial space developed in connection with the Project (including any costs of land acquisition allocable thereto) will be allocated to sources other than the Governmental Note.

(i) No continual or frequent skilled or unskilled nursing services will be available at the Project, although the tenants will be permitted to engage such services from providers that are not affiliated with the Borrower or the manager. Thus, neither the Borrower nor the manager, nor any Related Person to either the Borrower or the manager, will provide any assistance to any tenant in connection with his or her activities of daily living, other than concierge and valet services. The Project will not be licensed as a convalescent or nursing home, continuing care facility, personal care facility, special care facility or other assisted living facility under State law.

20. Tenant Income Certifications. The Borrower hereby represents and covenants as follows:

(a) The Borrower will obtain and maintain tenant income certifications in a form that satisfies the requirements of section 1.103-8(b)(8) of the Regulations demonstrating that the 40-60 Test is met with respect to the occupied Units continuously throughout the Qualified Project Period.

(b) The Borrower will ensure that each person who is intended to be a Qualifying Tenant will sign and deliver to the Borrower or a manager of the Project a tenant income certification in the form required by the Regulatory Agreement. In addition, the Borrower will ensure that such person will provide whatever other information, documents or certifications are deemed necessary to substantiate the tenant income certification.

(c) The Borrower will timely file, or take such actions as are necessary to cause any other person who is properly treated as the “operator” for purposes of section 142(d)(7) of the Code to file timely, the annual certifications described in section 142(d)(7) of the Code (currently, IRS Form 8703, Annual Certificate of Residential Rental Project).

(d) For a period of at least three years after the date the Governmental Note are retired, a tenant income certification in the form required by the Regulatory Agreement will at all times be maintained on file at the applicable location for the Project with respect to each Qualifying Tenant who resides or has resided in a Unit.

21. Form of Lease. The Borrower will ensure that the term of a lease of any Unit will be for a term of not less than six months, subject to the provision that any lease may be terminated if the tenant's physical condition no longer permits full-time residence in the Project; provided, however, that the form of lease to be utilized by the Borrower in renting any Units to a person who is intended to be a Qualifying Tenant will provide for termination of the lease and consent by such person to immediate eviction in accordance with applicable law for failure to qualify as a Qualifying Tenant as a result of any material misrepresentation made by such person with respect to the tenant income certification.

22. Change in Use. The Borrower acknowledges that any failure to satisfy the applicable requirements of sections 103 and 142 through 150, inclusive, of the Code, including the 40-60 Test, with respect to the Project will be treated as a change in use for purposes of section 150(b)(2) of the Code with the result that no deduction will be allowed for federal income tax purposes for interest paid by the Borrower with respect to the portion of the Borrower Loan that is allocable to Proceeds of the Governmental Note that accrues during the period beginning on the first day of the taxable year in which the Project fails to meet such requirements and ending on the date that the Project meets such requirements.

On the earlier of (a) the date on which the Borrower reasonably determines that the Project will not be completed or (b) the date on which the Project is Placed in Service, the Borrower will identify the amount of unspent Net Proceeds of the Governmental Note, if any, and will use such amount to redeem or, if not permitted by the terms of the Governmental Note, defease the Governmental Note, all in accordance with the requirements of section 1.142-2 of the Regulations, the Funding Loan Agreement and the Borrower Loan Agreement, as applicable, including the requirement that, if a defeasance is necessary, timely written notice be provided to the IRS.

23. Cashflow Sufficiency. The Borrower reasonably expects that the cash flow from the Project on an annual basis (excluding cash generated from the investment of nonoperating funds or other investment funds maintained by the Borrower) will be sufficient to pay annual debt service on the Borrower Loan during each year. Accordingly, the Borrower expects that debt service on the Borrower Loan will not be paid, directly or indirectly, from non-operating or other investment funds maintained by the Borrower or any Related Person to the Borrower. Except for the funds described in the "Funds" paragraph above, the Borrower does not expect to create or establish, or otherwise set aside or dedicate, any fund or account that is expected to be used to pay principal of, or interest on, the Governmental Note or to be pledged, directly or indirectly, to the payment of principal of, or interest on, the Governmental Note. Investment Proceeds of the Governmental Note and amounts earned from the investment of such Investment Proceeds will not be commingled with other receipts or revenues of the Borrower.

24. Post-Issuance Compliance Procedures. The Governmental Lender has implemented written post-issuance tax compliance procedures regarding federal tax compliance that include provisions to ensure that all nonqualified bonds are remediated according to the requirements

under the Code and Regulations and to monitor the requirements of section 148 of the Code. A copy of the Governmental Lender's then-current post-issuance tax compliance procedures is and will be available on the Governmental Lender's website during the term of this Agreement. If the Governmental Lender's website is not available, a copy of the then-current post-issuance tax compliance procedures will be made available to the Borrower, upon request. The Borrower agrees to take such actions as required therein to be taken by the Borrower to maintain compliance with requirements in the Code. In the event that the terms of the Governmental Lender's post-issuance tax compliance procedures conflict with the terms of this Agreement, the terms of this Agreement will control.

25. Record Retention. The Borrower and the Fiscal Agent (to the extent the Fiscal Agent receives such records in accordance with the terms of the Bond Documents) will retain or cause to be retained all pertinent and material records relating to any formal elections made for purposes of federal income tax law; the use of the Project; the investment, use and expenditure of the Proceeds of the Governmental Note; and the calculation of rebate in connection with the Governmental Note until three years after the Governmental Note, including any tax-exempt obligations issued to refinance the Governmental Note, are redeemed or paid at maturity, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the Governmental Lender to retrieve and reproduce such books and records in the event of an examination of the Governmental Note by the IRS.

26. Examination by IRS. The Borrower acknowledges that, in the event of an examination by the IRS of the excludability of interest on the Governmental Note from the gross income of the owners thereof for federal tax purposes, the Governmental Lender will likely be treated as the "taxpayer", and the Borrower agrees to respond in a commercially reasonable manner on behalf of, and at the direction of, the Governmental Lender (and in consultation with the Fiscal Agent, who will have the right to participate in all related proceedings (including tax court challenges and appeals)) to such examination and to pay the costs of the counsel selected by the Governmental Lender to provide a defense regarding the excludability of the interest on the Governmental Note from the gross income of the owners thereof for federal income tax purposes. THE BORROWER WILL INDEMNIFY AND HOLD HARMLESS THE GOVERNMENTAL LENDER AND THE FISCAL AGENT AGAINST ANY AND ALL COSTS, LOSSES, CLAIMS, DAMAGES, OR LIABILITY OF, OR RESULTING FROM, SUCH AN EXAMINATION AND THE SETTLEMENT THEREOF BY THE GOVERNMENTAL LENDER AND THE FISCAL AGENT (INCLUDING THE COST OF THE GOVERNMENTAL LENDER'S AND THE FISCAL AGENT'S LEGAL COUNSEL), EXCEPT AS A RESULT OF THE WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE GOVERNMENTAL LENDER (WITH RESPECT TO INDEMNIFICATION OF THE GOVERNMENTAL LENDER) OR THE GROSS NEGLIGENCE, WILLFUL MISCONDUCT, BAD FAITH, OR FRAUD OF THE FISCAL AGENT (WITH RESPECT TO INDEMNIFICATION OF THE FISCAL AGENT).

27. Term. The obligations of the Governmental Lender, the Borrower and the Fiscal Agent, under this Agreement will survive the defeasance and discharge of the Governmental Note

for as long as such matters are relevant to the excludability from gross income of interest on the Governmental Note for federal income tax purposes. The indemnification provisions set forth in Section 26 will survive the defeasance and discharge of the Governmental Note and/or the resignation or removal of the Fiscal Agent.

28. Amendments.

(a) To the extent any amendments to the Code or the Regulations, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, impose requirements upon the ownership or operation of the Project more restrictive than those imposed by this Agreement, this Agreement will be deemed to be automatically amended to impose such additional or more restrictive requirements. The parties hereto hereby agree to execute such amendment hereto as will be necessary to document such automatic amendment hereof.

(b) To the extent that the Code or the Regulations, or any amendments thereto, which, as a matter of law, are applicable to the Project and, in the written opinion of Bond Counsel filed with the Governmental Lender, the Fiscal Agent and the Borrower, impose requirements upon the ownership or operation of the Project less restrictive than imposed by this Agreement, this Agreement may be amended or modified to provide such less restrictive requirements but only by written amendment signed by the Governmental Lender, the Fiscal Agent and the Borrower and upon receipt of a Favorable Opinion of Bond Counsel.

(c) All reasonable costs, including fees and out-of-pocket expenses actually incurred by the Governmental Lender and the Fiscal Agent, in connection with an amendment to this Agreement will be paid by the Borrower and its successors in interest.

29. Remedies. The Governmental Lender, the Fiscal Agent, and the Borrower each hereby agrees that the remedies available under the Funding Loan Agreement and the Borrower Loan Agreement apply upon the occurrence of an Event of Default (as defined under the Funding Loan Agreement or the Borrower Loan Agreement, as applicable) resulting from an action or omission of an action by any party hereunder with respect to any provision of this Agreement.

30. Miscellaneous.

(a) Severability. If any provision of this Agreement is ruled invalid by any court of competent jurisdiction, the invalidity of such provision will not affect any of the remaining provisions hereof.

(b) Counterparts. This Agreement may be executed in several counterparts, each of which will be an original and all of which will constitute but one and the same instrument.

(c) Notices. All notices, demands, communications and requests which may or are required to be given hereunder or by any party hereto will be deemed given on the date on which the same will have been mailed by registered or certified mail, postage prepaid,

addressed to such parties at the addresses set forth in the Funding Loan Agreement and the Borrower Loan Agreement, as applicable.

(d) Successors and Assigns. The terms, provisions, covenants and conditions of this Agreement bind and inure to the benefit of the respective successors and assigns of the Governmental Lender, the Borrower, and the Fiscal Agent.

(e) Headings. The headings of this Agreement are inserted for convenience only and will not be deemed to constitute a part of this Agreement.

(f) Governing Law. This Agreement is governed by the laws of the State, without regard to the choice of law rules of the State. Venue for any action under this Agreement will lie within the district courts of the State, and the parties hereto consent to the jurisdiction and venue of any such court and hereby waive any argument that venue in such forums is not convenient.

(g) Fiscal Agent. Every provision of this Agreement relating to the conduct of, or affecting the liability of, or affording protection to, the Fiscal Agent shall be expressly subject to the Funding Loan Agreement.

[EXECUTION PAGES FOLLOW]

**IN WITNESS WHEREOF**, the Governmental Lender, the Borrower and the Fiscal Agent (but, as for the Fiscal Agent, it is only agreeing to sections 2(c), 14, 15, and 25 through 30) have caused this Agreement to be executed and delivered by duly authorized officers thereof as of Issue Date of the Governmental Note.

**TEXAS DEPARTMENT OF HOUSING AND  
COMMUNITY AFFAIRS**, as Governmental  
Lender

By: \_\_\_\_\_  
Name: James B. "Beau" Eccles  
Title: Secretary to the Board

*Signature Page to Tax Exemption Agreement*



**LDG THE LEGACY ON Kiest, LP**, a Texas  
limited partnership

By: DHFC The Legacy on Kiest GP, LLC, a Texas  
limited liability company, its general partner

By: City of Dallas Housing Finance  
Corporation, a Texas housing finance  
corporation, its sole member

By: \_\_\_\_\_  
Name: Aaron Eaquinto  
Title: General Manager

*Signature Page to Tax Exemption Agreement*

**BOKF, NA**, as Fiscal Agent

By: \_\_\_\_\_  
Name: Dayna Smith  
Title: Vice President

*Signature Page to Tax Exemption Agreement*

## EXHIBIT A

### CERTIFICATE OF FUNDING LENDER

I, the undersigned officer of Community Housing Investment Partners II, LP (the “Funding Lender”), make these certifications in connection with the \$[30,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (The Legacy on Kiest) Series 2025 (the “Governmental Lender Note”). Each capitalized term used but not defined herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement (the “Tax Exemption Agreement”) to which this Exhibit A is attached.

1. I hereby certify as follows in good faith as of the Issue Date of the Governmental Lender Note:

- (a) I am the duly chosen, qualified and acting officer of the Funding Lender for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Funding Lender. I am the officer of the Funding Lender charged, along with other officers of the Funding Lender, with responsibility for the Governmental Lender Note.

- (b) The Funding Lender is not acting as an Underwriter with respect to the Governmental Lender Note. The Funding Lender has no present intention to sell, reoffer, or otherwise dispose of the Governmental Lender Notes (or any portion of the Governmental Lender Notes or any interest in the Governmental Lender Notes); provided, however, that the Funding Lender has the right to transfer the Governmental Lender Notes as provided in the Funding Loan Agreement. The Funding Lender has not contracted with any person pursuant to a written agreement to have such person participate in the initial sale of the Governmental Lender Notes and the Funding Lender has not agreed with the Governmental Lender pursuant to a written agreement to sell the Governmental Lender Notes to persons other than the Funding Lender or a Related Party to the Funding Lender.

- (c) The Funding Lender has purchased the Governmental Lender Note from the Governmental Lender for an aggregate purchase price of \$[30,000,000], which price includes no amount of Pre-Issuance Accrued Interest.

- (d) Neither the Funding Lender nor any related person to the Funding Lender is or will be (except through the exercise of remedies following a default on the Governmental Lender Notes or the related Borrower Loan) a Related Party to the Borrower.

2. For purposes of this Certificate of Funding Lender, the following definitions apply:

- (a) “Public” means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party to an Underwriter.

- (b) “Related Party” means any two or more persons who are subject, directly

or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interest or profits interest of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(c) “Underwriter” means (i) any person that agrees pursuant to a written contract with the Governmental Lender (or with the lead Underwriter to form an underwriting syndicate) to participate in the initial sale of the Governmental Lender Notes to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this definition to participate in the initial sale of the Governmental Lender Notes to the Public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Governmental Lender Notes to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents the Funding Lender’s interpretation of any laws, including specifically sections 103 and 148 of the Code. The undersigned understands that the foregoing information will be relied upon by the Governmental Lender and the Borrower with respect to certain of the representations set forth in the Tax Exemption Agreement and with respect to compliance with the federal income tax rules affecting the Governmental Lender Note, and by Bracewell LLP in connection with rendering its opinion that the interest on the Governmental Lender Note is excludable from gross income for federal income tax purposes, the preparation of Internal Revenue Service Form 8038, and other federal income tax advice it may give to the Governmental Lender from time to time relating to the Governmental Lender Note.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Funding Lender has been duly executed as of the Closing Date.

**COMMUNITY HOUSING INVESTMENT  
PARTNERS II, LP,**  
a Delaware limited partnership, as Funding Lender

By: CHIP II Investors, LLC, a Delaware limited  
liability company, its general partner

By:

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Name: Kenneth Thompson  
Title: Managing Director

*Signature Page to Certificate of Funding Lender*

## **EXHIBIT B**

### **CERTIFICATE OF FINANCIAL ADVISOR**

I, the undersigned officer of Hilltop Securities Inc. (the “Financial Advisor”), make this certificate in connection with the \$[30,000,000] Texas Department of Housing and Community Affairs Multifamily Housing Revenue Note (The Legacy on Kiest) Series 2025 (the “Governmental Note”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Tax Exemption Certificate and Agreement to which this Exhibit B is attached (the “Tax Exemption Agreement”). I hereby certify as follows as of the Issue Date of the Governmental Note:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor.

2. The Issue Price plus any Pre-Issuance Interest on the Governmental Note, based on the representations of the Funding Lender in the Certificate of Funding Lender attached as Exhibit A to the Tax Exemption Agreement, is not more than \$[30,000,000].

3. The Financial Advisor has computed the Yield on the Governmental Note, based on such Issue Price, to be [Governmental Note Yield] percent.

4. The Financial Advisor has calculated the Yield on the Borrower Loan to be [Borrower Loan Yield] percent. Accordingly, the Yield on the Borrower Loan does not exceed the Yield on the Governmental Note by more than 1.5 percentage points.

5. For purposes of determining the Yields in paragraphs 3 and 4 above, the Financial Advisor has performed certain calculations relating to the Governmental Note and the Borrower Loan. Such calculations are attached hereto as Schedule I. The Financial Advisor hereby represents that such calculations are based on assumptions and methodologies provided by Bond Counsel and are in all material respects consistent with the assumptions and methodologies set forth in the “Yield on the Governmental Note” and “Yield on the Borrower Loan” paragraphs of the Tax Exemption Agreement. These calculations include calculations based upon assumptions, information, and estimates obtained from the Borrower and the Governmental Lender, which the Financial Advisor, based on its experience with similar transactions, has no reason to believe are not reasonable in light of the relevant facts and circumstances. To the best of the Financial Advisor’s knowledge, as of the Issue Date of the Governmental Note, no fact or circumstance has come to the Financial Advisor’s attention that conflicts with the assumptions, information and estimates described in the preceding sentence.

6. As shown in Schedule I attached hereto, the Financial Advisor computed the Weighted Average Maturity of the Governmental Note, calculated in accordance with the provisions of the Tax Exemption Agreement, to be [WAM] years.

7. The Financial Advisor represents that to the best of its knowledge as of the Issue Date of the Governmental Note, the statements set forth in paragraphs (a) through (c) of the “Not An Abusive Transaction” paragraph of the Tax Exemption Agreement are true.

The Governmental Lender may rely on the statements made herein in connection with making the representations set forth in the Tax Exemption Agreement and in its efforts to comply with the conditions imposed by the Code on the excludability of interest on the Governmental Note from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Governmental Note as excludable from gross income for federal income tax purposes and the preparation of the Form 8038.

[EXECUTION PAGE FOLLOWS]

The foregoing Certificate of Financial Advisor has been duly executed as of the Issue Date of the Governmental Note.

**HILLTOP SECURITIES INC.**

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

*Signature Page to Certificate of Financial Advisor*



**SCHEDULE I**  
**TO CERTIFICATE OF FINANCIAL ADVISOR**

*Schedule I to Certificate of Financial Advisor*

## EXHIBIT C

### SCHEDULE OF BORROWER LOAN COSTS

#### **Paid Prior to Closing**

Application Fee	\$3,600
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#### **Paid at Closing**

Governmental Lender Issuance Fee	0.50% of the initial principal amount of the Funding Loan
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Governmental Lender Administration Fee (first two years, prorated)	[\$60,000]
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Governmental Lender Compliance Fee (first year)	[\$4,500]
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#### **Annual Fees**

Governmental Lender Administrative Fee (beginning July 1, 2027)	0.10% per annum of the aggregate principal amount of the Governmental Note outstanding
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Governmental Lender Compliance Fee (beginning July 1, 2028)	\$25 per Low-Income Unit (as defined in the Regulatory Agreement) in the Project (excluding market rate units)
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