
REPLACEMENT RESERVE AND SECURITY AGREEMENT

between

LDG THE RIDGE AT LOOP 12, LP

and

BOKF, NA, as trustee

Dated as of [March 1, 2025]

Relating to:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-1**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Series 2025A-2**

**[\$_____]
Multifamily Housing Revenue Bonds
(The Ridge at Loop 12)
Taxable Series 2025B**

REPLACEMENT RESERVE AND SECURITY AGREEMENT

This **REPLACEMENT RESERVE AND SECURITY AGREEMENT** dated as of [March 1, 2025] (as amended, modified or supplemented from time to time, this “**Agreement**”) by **LDG THE RIDGE AT LOOP 12, LP**, a limited partnership organized and existing under the laws of the State of Texas (together with its successors and assigns, the “**Borrower**”), for the benefit of **BOKF, NA**, a national banking association, as trustee under the Indenture (as herein defined) (together with any successor trustee under the Indenture and their respective successors and assigns, the “**Trustee**”),

WITNESSETH:

WHEREAS, Borrower is the owner of a multifamily apartment facility known as “The Ridge at Loop 12” in Dallas, Texas (the “**Project Facilities**”), the acquisition and construction of which is being financed by the proceeds of certain Bonds known as Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-1 in the maximum principal amount of \$[SERIES A-1 PRINCIPAL] (the “**2025A-1 Bonds**”), Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Series 2025A-2 in the maximum principal amount of \$[SERIES A-2 PRINCIPAL] (the “**2025A-2 Bonds**” and together with the 2025A-1 Bonds, the “**Tax-Exempt Bonds**”), and Multifamily Housing Revenue Bonds (The Ridge at Loop 12) Taxable Series 2025B in the maximum principal amount of \$[SERIES B PRINCIPAL] (the “**2025B Bonds**”, and together with the Tax-Exempt Bonds, the “**Bonds**”), issued by the Texas Department of Housing and Community Affairs, a public and official agency of the State of Texas (the “**Issuer**”), pursuant to a certain Indenture of Trust, dated as of [March 1, 2025], between the Issuer and the Trustee (as amended, modified or supplemented from time to time, the “**Indenture**”);

WHEREAS, the proceeds of the Bonds have been loaned to the Borrower pursuant to a Loan Agreement dated as of [March 1, 2025], by and between the Issuer and Borrower (as amended, modified or supplemented from time to time, the “**Loan Agreement**”);

WHEREAS, it is a condition precedent to the issuance and sale of the Bonds that the Borrower enter into this Agreement and make certain deposits with the Trustee as provided in this Agreement; and

WHEREAS, all deposits required by this Agreement shall be additional security for all of the Borrower’s obligations under the Loan Agreement and the other Bond Documents.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained in this Agreement, the receipt and sufficiency of which are hereby acknowledged and intending to be legally bound hereby, the Borrower and the Trustee agree as follows:

Section 1. Deposits to the Replacement Reserve.

(a) Commencing on the first Business Day of the month following the Stabilization Date, and on the first Business Day of each month thereafter while the Bonds are outstanding, Borrower shall pay to the Trustee for deposit into the Replacement Reserve Fund established under the Indenture (the “**Replacement Reserve Fund**”) an

amount equal to the sum of the Unit Reserve Amount to be deposited in the Replacement Reserve Fund. For purposes hereof, the “**Unit Reserve Amount**” shall mean an amount equal to one twelfth (1/12th) of the product of \$400 times the number of units at the Project Facilities or such higher amount as may be required by the Engineering Consultant, the [Equity Investor] or pursuant to the Annual Budget as described in the Loan Agreement. In addition, on [_____, 20__] and on January 1 of each year thereafter, the Unit Reserve Amount shall be increased by three percent (3%).

(b) The monthly deposits and all other funds in the Replacement Reserve Fund are referred to collectively as the “Replacement Reserve.” The Controlling Person shall have the sole right, in its reasonable discretion, to approve withdrawals from the Replacement Reserve Fund.

Section 2. Physical Needs Assessments. No earlier than the sixth (6th) month before, and no later than the ninth (9th) month after, the fifth (5th) anniversary of the Completion Date and each fifth (5th) anniversary thereafter, the Controlling Person may perform a physical needs assessment of the Project Facilities at the expense of the Borrower, which expense may be paid out of the Replacement Reserve. If determined necessary by the Controlling Person after review of the physical needs assessment, the Borrower’s required monthly deposits to the Replacement Reserve set forth above shall be adjusted, effective upon not less than thirty (30) days prior written notice to the Borrower specifying the basis for such adjustment, for the remaining Loan term, to an amount that will cover the monthly deposits to maintain a Replacement Reserve that will in the Controlling Person’s determination, be sufficient to meet required Replacements (defined below).

Section 3. Replacement Reserve as Additional Security. The Borrower assigns and pledges to the Trustee, and grants the Trustee a security interest in, all of the Borrower’s right, title and interest in and to the Replacement Reserve and all amounts held therein and all of the Borrower’s rights thereto as additional security for all of the Borrower’s obligations under the Loan Agreement and other Bond Documents; provided, however, the Controlling Person shall cause the Trustee to make disbursements from the Replacement Reserve Fund in accordance with the terms of this Agreement. Upon the request of the Trustee and/or the Controlling Person, the Borrower shall take all action reasonably necessary to protect and preserve such security interests in favor of the Trustee. The Borrower shall execute and deliver to the Trustee any instrument the Trustee or the Controlling Person shall reasonably request to further evidence the creation of or to perfect such pledge and security interest. The Trustee shall have all of the rights of a secured party under the Texas Uniform Commercial Code, including, without limitation, the right to foreclose the security interest created by this Agreement.

Section 4. Disbursements from Replacement Reserve Fund.

(a) Upon written request from the Borrower and satisfaction of the requirements set forth in Sections 4 and 5 of this Agreement, the Controlling Person shall direct the Trustee to disburse to Borrower amounts from the Replacement Reserve Fund necessary to reimburse Borrower for the actual approved costs of capital expenditures at the Project Facilities (collectively, the “Replacements”). The Controlling Person and the Trustee shall not be obligated to make disbursements or cause disbursements to be made from the Replacement Reserve Fund to reimburse Borrower for the costs of routine

maintenance to the Project Facilities. In no event shall the Controlling Person be obligated to approve disbursements to be made from the Replacement Reserve Fund if a Default or Event of Default exists under this Agreement, the Loan Agreement or any of the Bond Documents.

(b) Each request for disbursement from the Replacement Reserve Fund shall be in a form specified or approved by the Controlling Person and shall include (i) the specific Replacements for which the disbursement is requested, (ii) the quantity and price of each item purchased, if the Replacement includes the purchase or replacement of specific items, (iii) the price of all materials (grouped by type or category) used in any Replacement other than the purchase or replacement of specific items, and (iv) the cost of all contracted labor or other services applicable to each Replacement for which such request for disbursement is made. With each request, the Borrower shall certify that all Replacements have been made in accordance with all applicable laws, ordinances, and regulations of any governmental office or authority having jurisdiction over the Project Facilities. Each request for disbursement shall include copies of invoices for all items or materials purchased and all contracted labor or services provided and, unless the Controlling Person has agreed to direct the Trustee to issue joint checks pursuant to Section 4(d) in connection with a particular Replacement, each request shall include evidence satisfactory to the Controlling Person of payment of all such amounts.

(c) Except as otherwise provided in Subsection (d) hereof, each request for disbursement from the Replacement Reserve Fund shall be made only after completion of the Replacement for which disbursement is requested. Borrower shall provide the Controlling Person evidence satisfactory to the Controlling Person in its reasonable judgment, of completion.

(d) If the cost of a Replacement exceeds \$50,000 and the contractor performing the Replacement requires periodic payments pursuant to the terms of a written contract, the Controlling Person at its reasonable discretion may approve in writing periodic payments for work performed under such contract. A request for reimbursement from the Replacement Reserve may be made after completion of a portion of the work under such contract, provided (i) such contract requires payment upon completion of such portion of work, (ii) the materials for which the request is made are on site at the Project Facilities and are properly secured or have been installed in the Project Facilities, (iii) all other conditions in this Agreement for disbursement have been satisfied, (iv) Trustee has confirmed with the Controlling Person that funds remaining in the Replacement Reserve Fund are, in the Controlling Person's judgment, sufficient to complete such Replacement and the other Replacements when required, and (v) if required by the Controlling Person, each contractor or subcontractor receiving payments under such contract shall provide a waiver or release of lien with respect to amounts which have been paid to that contractor or subcontractor.

(e) Except with the consent of the Controlling Person, which shall not be unreasonably withheld or delayed, Borrower shall not make a request for disbursement from the Replacement Reserve Fund more frequently than once in any quarter and (except

in connection with the final disbursement) the total cost of all Replacements in any request shall not be less than \$10,000.

(f) In the event Borrower requests a disbursement from the Replacement Reserve Fund to reimburse Borrower for labor or materials for replacements other than the Replacements specified in the Annual Budget, Borrower shall disclose in writing to the Controlling Person why funds in the Replacement Reserve should be used to pay for such replacements. If the Controlling Person determines that such replacements are of the type intended to be covered by this Agreement, the costs for such replacements are reasonable, and all other conditions for disbursement under this Agreement have been met, the Controlling Person may at its discretion disburse funds or cause funds to be disbursed from the Replacement Reserve Fund.

Section 5. Performance of Replacements.

(a) Borrower shall make each Replacement when required in order to keep the Project Facilities in good order and repair and in a good marketable condition and to keep the Project Facilities or any portion thereof from deteriorating. Borrower shall complete all Replacements in a good and workmanlike manner as soon as practicable following the commencement of making each such Replacement.

(b) The Controlling Person shall have the right to approve all contracts or work orders with materialmen, mechanics, suppliers, subcontractors, contractors or other parties providing labor or materials in connection with the Replacements, provided that such approval shall not be unreasonably, withheld, conditioned or delayed. Upon the Controlling Person's written request, Borrower shall assign any contract or subcontract in connection with the Replacements to the Trustee and/or the Controlling Person and shall obtain the consent of the contractor or subcontractor to such assignment.

(c) In the event the Controlling Person reasonably determines that any Replacement is not being performed or completed in a workmanlike or timely manner and that such failure to perform or complete such Replacement in a workmanlike or timely manner could: (i) result in any harm to the Controlling Person, tenants, or third parties; (ii) or impair the security given under this Agreement, the Loan Agreement or the Bond Documents, the Controlling Person shall have the option to direct the Trustee to withhold disbursement for such unsatisfactory Replacement, and may direct the Trustee to proceed under existing contracts or contract with third parties to complete such Replacement and to apply the Replacement Reserve toward the labor and materials necessary to complete such Replacement, without providing any prior notice to Borrower and to exercise any and all other remedies available to the Controlling Person upon a default or Event of Default, as provided in Section 9.

(d) If, at any time during the term of this Agreement, the Controlling Person reasonably determines that replacements are advisable to keep the Project Facilities in good order and repair and in a good marketable condition, or to prevent deterioration of the Project Facilities (the "Additional Replacements"), the Controlling Person may direct the Trustee to send Borrower written notice of the need for making such Additional

Replacements. Borrower shall promptly commence making such Additional Replacements in accordance with the requirements of this Agreement. All references in this Agreement to “Replacements” shall include the “Additional Replacements.”

(e) If Borrower fails to reasonably commence and diligently pursue completion of such Replacements following written notice from the Controlling Person or from the Trustee at the direction of the Controlling Person, then, in order to facilitate such completion pursuant to Sections 5(c) and (d) above, the Controlling Person is granted the right to enter onto the Project Facilities after reasonable notice during normal business hours and perform any and all work and labor necessary to complete or make the Replacements and employ watchmen to protect the Project Facilities from damage. All sums so expended by the Controlling Person shall be deemed to have been advanced to Borrower and secured by the Mortgage (as defined in the Loan Agreement). Solely for this purpose Borrower constitutes and appoints the Controlling Person its true and lawful attorney(ies)-in-fact with full power of substitution to undertake the Replacements in the name of Borrower. Borrower empowers said attorney-in-fact as follows: (i) to use any funds in the Replacement Reserve Fund for the purpose of making or completing the Replacements; (ii) to make such additions, changes and corrections to the Replacements as shall be necessary or desirable to complete the Replacements; (iii) to employ such contractors, subcontractors, agents, architects and inspectors as shall be required for such purposes; (iv) to pay, settle or compromise all existing bills and claims which are or may become liens against the Project Facilities, or as may be necessary or desirable for the completion of the Replacements, or for the clearance of title; (v) to execute all applications and certificates in the name of Borrower which may be required by any of the contract documents; (vi) to prosecute and defend all actions or proceedings in connection with the Project Facilities or the rehabilitation and repair of the Project Facilities; and (vii) to do any and every act which Borrower might do in its own behalf to fulfill the terms of this Agreement. It is further understood and agreed that this power of attorney, which shall be deemed to be a power coupled with an interest, cannot be revoked. Borrower specifically agrees that all power granted to the Controlling Person under this Agreement may be assigned to any successor Controlling Person. Notwithstanding anything contained herein to the contrary failure by Borrower to perform or comply with any of the other terms or conditions contained in this Section 5 and continuation of such failure for thirty (30) days after written notice from the Trustee at the direction of the Controlling Person or the Controlling Person to Borrower (or such longer period to which the Controlling Person may agree in the case of a default not curable by the exercise of due diligence within such thirty (30) day period, provided that Borrower shall have commenced, a cure of such default within such thirty (30) day period and shall complete, or cause to be completed, such cure as quickly as reasonably possible with the exercise of due diligence) shall constitute an Event of Default.

(f) Nothing in this Section 5 shall make the Controlling Person responsible for making or completing the Replacements, require the Controlling Person to expend funds in addition to the Replacement Reserve to make or complete any Replacement, obligate the Controlling Person to proceed with the Replacements, or obligate the Controlling Person to demand from Borrower additional sums to make or complete any Replacement. Trustee shall exercise the rights set forth in Section 5 only at the direction of the Controlling

Person and subject to the indemnities and immunities provided to the Trustee under the Bond Documents.

Section 6. Entry Onto Project Facilities; Inspections.

(a) Borrower shall permit the Controlling Person and its representatives (including an independent person such as an engineer, architect, or inspector) or third parties making Replacements pursuant to Section 5 of this Agreement, to enter onto the Project Facilities during normal business hours (subject to the rights of tenants under their leases) after reasonable notice to inspect the progress of any Replacements and all materials being used in connection therewith, to examine all plans and shop drawings relating to such Replacements which are or may be kept at the Project Facilities, and to complete any replacements made pursuant to Section 5. Borrower agrees to cause all contractors and subcontractors reasonably to cooperate with the Controlling Person and their representatives or such other persons described above in connection with inspections described in this Section 6 or the completion of Replacements pursuant to Section 5.

(b) The Controlling Person may inspect (subject to the rights of tenants under their leases) the Project Facilities in connection with any Replacement prior to disbursing funds from the Replacement Reserve. The Controlling Person, at Borrower's expense, also may require an inspection by an appropriate independent qualified professional selected by the Controlling Person all in accordance with the procedures and requirements of the Loan Agreement.

Section 7. Lien-Free Completion.

(a) Borrower covenants and agrees that each of the Replacements and all materials, equipment, fixtures, or any other item comprising a part of any Replacement shall be constructed, installed or completed, as applicable, free and clear of all mechanics', materialmen's or other vendor liens.

(b) As a condition of each disbursement from the Replacement Reserve Fund, the Controlling Person may require Borrower to provide the Controlling Person with a search of title to the Project Facilities effective to the date of the release, which search shows that no mechanics' or materialmen's liens or other liens of any nature have been placed against the Project Facilities since the date of this Agreement, and that title to the Project Facilities is free and clear of all liens (other than the lien of the Mortgage and any other Permitted Encumbrances, and any other liens previously approved in writing by the Controlling Person, if any).

(c) In addition, as a condition to any disbursement, the Controlling Person may require Borrower to obtain from each contractor, subcontractor, or materialman an acknowledgement of payment and release of lien for work performed and materials supplied (or a release conditioned only upon payment to be made from the disbursement). Any such acknowledgement and release shall conform to the requirements of applicable law and shall cover all work performed and materials supplied (including equipment and fixtures) for the Project Facilities by that contractor, subcontractor or materialman through

the date covered by the current reimbursement request (or, in the event that payment to such contractor, subcontractor or materialmen is to be made by a check payable jointly to both Borrower and such contractor, subcontractor, or materialmen, the release of lien shall be effective through the date covered by the previous release of funds request).

Section 8. Compliance with Laws and Insurance Requirements.

(a) All Replacements shall comply with all applicable laws, ordinances, rules and regulations of all governmental authorities having jurisdiction over the Project Facilities and applicable insurance requirements including, without limitation, applicable building codes, special use permits upon the written request from the Trustee or Controlling Person, environmental regulations, and requirements of insurance underwriters.

(b) In addition to any insurance required under the Mortgage, Borrower shall provide or cause to be provided worker's compensation insurance, builder's risk, and public liability insurance and other insurance to the extent required under applicable law in connection with a particular Replacement. All such policies shall be in form and amount satisfactory to the Controlling Person in the exercise of its reasonable discretion. All such policies which can be endorsed with standard mortgagee clauses making loss payable to Trustee or its assigns shall be so endorsed. Certificates evidencing such coverage shall be delivered to the Controlling Person (or upon request based upon the need thereof, originals of such policies).

Section 9. Default.

(a) Borrower shall be in default under this Agreement if it fails to comply with any provision of this Agreement and such failure is not cured within thirty (30) days after notice to Borrower or if such default is not curable within thirty (30) days, Borrower shall not have promptly commenced and diligently pursued the cure within such thirty (30) day period. Borrower understands that a default under this Agreement shall be deemed to be an Event of Default under the Loan Agreement, the Mortgage and the other Bond Documents and that in addition to the remedies specified in this Agreement, the Trustee, pursuant to the direction of the Controlling Person, shall be able to exercise all of its rights and remedies under the Loan Agreement, the Mortgage and the other Bond Documents upon an Event of Default. The notice and cure period set forth in this Agreement shall not be deemed to be in addition to the notice and cure period set forth in the Loan Agreement.

(b) Upon the occurrence of a default under this Agreement or an Event of Default under the Loan Agreement or the Bond Documents, Borrower shall immediately lose all of its rights to receive disbursements from the Replacement Reserve Fund unless and until the default has been cured or all of Borrower's obligations under the Loan Agreement, the Mortgage and the other Bond Documents have been paid and performed in full and the lien of the Mortgage has been released by the Trustee at the direction of the Controlling Person (or the Bonds have been defeased). Upon any such default or Event of Default and after all applicable notice and cure periods provided for herein, the Controlling Person may in its sole and absolute discretion, direct the Trustee to use the Replacement

Reserve (or any portion thereof) for any purpose permitted by the Bond Documents, including but not limited to (i) repayment of any indebtedness secured by the Mortgage or the other Bond Documents, including but not limited to principal prepayments and the prepayment premium applicable to such full or partial prepayment (as applicable); provided, however, that such application of funds shall not cure or be deemed to cure any default or Event of Default; (ii) reimbursement of the Trustee or the Controlling Person for all losses and expenses (including, without limitation, reasonable legal fees) suffered or incurred by the Trustee or the Controlling Person as a result of such default or Event of Default; (iii) completion of the Replacement as provided in Section 5, or for any other repair or replacement to the Project Facilities; or (iv) payment of any amount expended in exercising (and exercise) all rights and remedies available to the Trustee and the Controlling Person at law or in equity or under this Agreement.

(c) Nothing in this Agreement shall obligate the Controlling Person to direct the Trustee to apply all or any portion of the Replacement Reserve on account of any default or Event of Default by Borrower or to repayment of the indebtedness secured by the Mortgage or any of the other Bond Documents or in any specific order of priority.

Section 10. Borrower's Other Obligations. Nothing contained in this Agreement shall alter, impair or affect the obligations of Borrower under the Loan Agreement or under any Bond Documents, or relieve Borrower of any of its obligations to make payments and perform all of its other obligations required under the Bond Documents.

Section 11. Remedies Cumulative. The rights and remedies conferred upon or reserved to the Trustee or the Controlling Person under this Agreement are not in lieu of, but are in addition to, any other rights or remedies which Trustee or the Controlling Person may have under the other Bond Documents, and are not intended to be exclusive of any other rights, and each and every right shall be cumulative and concurrent, and may be enforced separately, successively or together, and may be exercised from time to time as often as may be deemed necessary by the Trustee or the Controlling Person.

Section 12. Balance in the Replacement Reserve Fund. The insufficiency of any balance in the Replacement Reserve Fund shall not abrogate Borrower's agreement to fulfill all preservation and maintenance covenants in the Bond Documents. In the event that the balance of the Replacement Reserve is less than the current estimated cost to make the Replacements required as estimated by the Controlling Person, Borrower shall deposit the shortage into the Replacement Reserve Fund within ten (10) days after of written request by the Controlling Person.

Section 13. Indemnification. Borrower agrees to defend and indemnify Controlling Person and the Trustee and to hold the Controlling Person and the Trustee harmless from and against any and all actions, suits, claims, judgments, demands, liabilities, losses, damages, obligations and costs and expenses (including litigation costs and reasonable attorneys' fees and expenses) arising from or in any way connected with the performance of the Replacements and including, without limitation, enforcement hereof (including this Section) except for such items finally determined by a court of competent jurisdiction to be caused by the willful misconduct of the Controlling Person and/or Trustee. Borrower assigns to the Controlling Person all rights and claims Borrower may have against all persons or entities supplying labor or materials in connection

with the Replacements; provided, however, that Trustee may not pursue any such right or claim unless so directed by the Controlling Person at such time as a default or Event of Default exists under this Agreement or any of the Bond Documents. The indemnity provisions provided in this Section 13 shall survive the termination of this Agreement and the other Bond Documents, the discharge of the Bonds, and the resignation or removal of the Trustee.

Section 14. Determinations by Controlling Person. In any instance in this Agreement where the consent or approval of the Controlling Person may be given or is required, or where any determination, judgment or decision is to be rendered by the Controlling Person under this Agreement, the granting, withholding or denial of such consent or approval and the rendering of such determination, judgment or decision shall be made or exercised by the Controlling Person (or its designated representative) at its reasonable discretion.

Section 15. Borrower's Records. Borrower shall furnish such financial statements, invoices, records, papers and documents relating to the Project Facilities as the Controlling Person may reasonably require from time to time to make the determinations permitted or required to be made by the Controlling Person under this Agreement.

Section 16. Completion of Replacements. The Controlling Person's approval of any plans for any Replacement, release of funds from the Replacement Reserve, inspection of the Project Facilities by the Controlling Person or its agents, or other acknowledgment of completion of any Replacement in a manner satisfactory to the Controlling Person shall not be deemed an acknowledgment or warranty to any person that the Replacement has been completed in accordance with applicable building, zoning or other codes, ordinances, statutes, laws, regulations or requirements of any governmental agency.

Section 17. Transfer of Project Facilities. If a Sale shall occur or be contemplated, which Sale requires the prior written consent of the Controlling Person pursuant to the terms of the Loan Agreement, the Controlling Person may review the amount of the Replacement Reserve, the amount of the monthly deposits and the likely Replacements required by the Project Facilities and the related contingencies which may arise during the remaining term of this Agreement. Based upon that review, the Controlling Person may require an additional deposit to the Replacement Reserve and/or an increase in the amount of the monthly deposits as a condition to the Controlling Person's consent to such Sale. In event of a transfer of the Project Facilities by Borrower, the transferee shall be required to assume Borrower's duties and obligations under this Agreement.

Section 18. Termination. Upon satisfaction of all obligations of the Borrower under the Bond Documents, and payment in full or defeasance of the Bonds, this Agreement and the security interest granted hereunder shall terminate and the Trustee shall disburse to Borrower all amounts remaining in the Replacement Reserve Fund.

Section 19. Entire Agreement; Amendment and Waiver. This Agreement contains the complete and entire understanding of the parties with respect to the matters covered and no change or amendment shall be valid unless it is made in writing and executed by the parties to this Agreement. No specific waiver or forbearance for any breach of any of the terms of this Agreement shall be considered as a general waiver of that or any other term of this Agreement.

Section 20. Notices. All notices under this Agreement shall be given in writing to the other party at the address, and in the manner, provided in the Loan Agreement.

Section 21. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement pursuant to judicial decree shall not affect the validity or enforceability of any other provision of this Agreement, all of which shall remain in full force and effect.

Section 22. Applicable Law. This Agreement and all matters arising out of or related to this Agreement shall be governed by and construed in accordance with the laws of the State, without regard to conflict of laws principles.

Section 23. Non-Recourse. Notwithstanding anything to the contrary contained herein, Borrower's liability hereunder shall be limited to the extent provided in Section 10.13 of the Loan Agreement.

Section 24. Third Party Beneficiaries. This Agreement is solely for the benefit of the Trustee and the Controlling Person, the holders from time to time of the Bonds, and their respective successors and assigns, and shall not inure to the benefit of any other person or entity, and may not be enforced by any other person or entity other than the Trustee, the Controlling Person, their respective successors and assigns, and the holders from time to time of the Bonds. There are no other intended third party beneficiaries of this Agreement.

Section 25. Definitions. Capitalized terms used herein and not defined shall have the meanings ascribed thereto in the Indenture.

Section 26. Counterparts; Electronic Signatures. This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. To the fullest extent permitted by applicable law, electronically transmitted or facsimile signatures shall constitute original signatures for all purposes under this Agreement.

Section 27. The Trustee. In executing and delivering this Agreement, and in taking any action hereunder, the Trustee shall enjoy all the rights, protections, benefits, immunities and indemnities afforded to it under the Indenture. Notwithstanding anything else to the contrary set forth herein, whenever reference is made herein to any discretionary action by, consent, designation, specification, requirement or approval of, notice, request or other communication from, or other direction given or action to be undertaken (or not to be) suffered or omitted by the Trustee or to any election, decision, opinion, acceptance, use of judgment expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not to be made) by the Trustee, (i) such provision shall refer to the Trustee exercising each of the foregoing at the instruction of the Controlling Person and (ii) it is understood that in all cases, the Trustee shall be fully justified in failing or refusing to take any such action if it shall not have received written instruction, advice or concurrence from the Controlling Person in respect of such action.

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IN WITNESS WHEREOF, Borrower and Trustee have executed this Agreement on the date and year first above written.

LDG THE RIDGE AT LOOP 12, LP, a Texas limited partnership

By: DHFC The Ridge at Loop 12 GP, LLC, a Texas limited liability company, its general partner

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

By: _____
Name: Mary Helfand
Title: President

BOKF, NA, a national banking association,
as Trustee

By: _____
Name: Kathy McQuiston
Title: Vice President