

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TAX CREDIT ASSISTANCE PROGRAM (TCAP) - REPAYMENT FUNDS
MULTIFAMILY DIRECT LOAN**

CONTRACT # [REDACTED]

TDHCA Award Year: INSERT STATE FISCAL YEAR THAT THE AWARD WAS APPROVED

Application Number:

DUNS Number:

This TCAP Repayment Funds (“TCAP RF”) Multifamily Direct Loan Contract # [REDACTED] (the “**Contract**”) in connection with a TCAP RF Program award is made and entered into by and between the **TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**, a public and official agency of the State of Texas, (the “**Department**”), and [REDACTED], **ENTITY TYPE** (the “**Development Owner**” or “**Borrower**”), herein collectively referred to as “**Parties**”, OPTIONAL [REDACTED] [joined and consented to by [REDACTED], **ENTITY TYPE**, as fee title owner (the “**Fee Title Owner**”),] dated effective on the Effective Date (as defined on the signature pages herein.).

RECITALS

WHEREAS, the Development Owner agrees to administer the TCAP Repayment Funds Multifamily Direct Loan program (the “**TCAP RF Program**”) in accordance with the Chapter 2306 of the Texas Government Code (the “**State Act**”), its implementing state Uniform Multifamily Rules at Title 10, Part 1, Chapter 10 of the Texas Administrative Code (the “**Uniform Multifamily Rules**”), the Multifamily Direct Loan Rule at Title 10, Part 1, Chapter 13 of the Texas Administrative Code (the “**Multifamily Direct Loan Rule**”), Administrative rules at Title 10, Part 1, Chapter 1 of the Texas Administrative Code and Enforcement rules at Title 10, Part 1, Chapter 2 of the Texas Administrative Code (collectively, the “**State Multifamily Rules**”), the application for Tax Credit Assistance Program (TCAP) Repayment Fund Application # [REDACTED] (the “**Application**”), the [2017-1 or 2018-1] Multifamily Direct Loan Program Notice of Funding Availability (the “**NOFA**”), and any amendments or modifications thereto;

WHEREAS, the Development Owner is or will be upon the Loan Closing Date, the [leasehold] owner [pursuant to a ground lease by and between Development Owner and Fee Title Owner,] of certain improvements (the “**Improvements**”) that [OPTIONAL [REDACTED] [will consist] or [REDACTED] [consist]] of a [REDACTED] Unit [multifamily][single family][single room occupancy] [OPTIONAL [REDACTED] Supportive Housing, general] rental housing [REDACTED] development OR [REDACTED] Elderly Development] known as [REDACTED] (the “**Development**”) situated on real property (the “**Land**”) located in the City of [REDACTED], County of [REDACTED], State of Texas, more fully described in Exhibit A attached hereto and incorporated herein by reference. The Land, and Improvements are hereinafter collectively referred to as the (“**Property**;”)

WHEREAS, the Development Owner has been approved by the Department to borrow the TCAP RF Award Amount from the Department to perform the activities under this Contract;

WHEREAS, the Department is willing to make a [leasehold] loan to the Development Owner [with the consent of Fee Title Owner] for the TCAP RF Award Amount (the “Loan”);

WHEREAS, on _____[date], the Department committed to make the Loan in accordance with that certain preliminary award of loan terms and conditions (the “Award Letter and Loan Term Sheet (including any and all amendments)”) attached as Exhibit B to this Contract and incorporated herein for all relevant purposes, which shall be used by Borrower for the [acquisition] of the Property and/or [Rehabilitation] [construction] of the Development;

WHEREAS, as of the Effective Date of this Contract, all the necessary financing for the Development is secured, as evidenced by the Award Letter and Loan Term Sheet (including any and all amendments) and the “Credit Underwriting Report and Amended/Revised Reports” attached as Exhibit C to this Contract and incorporated herein for all relevant purposes, as said exhibits may be revised, updated or amended from time to time; and

WHEREAS, pursuant to the State Multifamily Rules, as amended from time to time, Development Owner, as a condition to the Department making the Loan, must agree to comply with certain occupancy, rent and other restrictions under the State Act during the Affordability Period (hereinafter defined), and the parties will enter into a Land Use Restriction Agreement [joined by the Fee Title Owner] (the “LURA”) to evidence Development Owner's agreement to comply with such restrictions and said LURA will be recorded in the official public records of the county where the Property is located to evidence covenants running with the land.

NOW, THEREFORE, for and in consideration of the promises herein made, and the mutual benefits derived and to be derived, the Parties hereto agree and by execution hereof are bound to the mutual obligations and to the performance and accomplishment of the tasks which are the substance of this Contract, and which may be more thoroughly defined in the loan closing documents, including, but not limited to, the Award Letter and Loan Term Sheet (including any and all amendments) attached as Exhibit B to this Contract, incorporated herein for all relevant purposes, the deed of trust, the LURA, promissory note, and construction loan agreement if applicable, (collectively referred to as “Loan Documents”), as further defined in Section 5.16 of this Contract.

AGREEMENT

SECTION I. MULTIFAMILY DIRECT LOAN PROGRAM

Development Owner shall implement the Multifamily Direct Loan Program in accordance with the State Act, the Application and the applicable Texas statutes and rules utilizing _____ AND NO/100 UNITED STATES DOLLARS (U.S. \$ _____ .00) (the “TCAP RF Award Amount”), for the [acquisition and new construction/ acquisition and Rehabilitation/ new construction/ Rehabilitation] of the Property. Changes that, in the Department’s reasonable discretion, affect the Application, TCAP RF Award

Amount, Award Letter and Loan Term Sheet, Credit Underwriting Report and Amended/Revised Report, or the Property and the Department did not previously agree to the change in writing, may result in a reduction of the TCAP RF Award Amount or the termination of this Contract.

SECTION II. CONTRACT PERIOD

The Contract Period is the period beginning on the Effective Date of this Contract as herein defined and terminating on the last day of the Affordability Period as herein defined, as the same may from time to time be modified or extended (the “**Contract Period**”).

SECTION III. DEFINITIONS

Section 3.1. General.

Capitalized terms used in this Contract shall have the meanings specified in this Section III of the Contract, unless the context clearly requires otherwise. Certain additional terms may be defined elsewhere in this Contract. If the definition and terms of this Contract conflict with the definition and terms of the Award Letter and Loan Term Sheet (including any and all amendments), then this Contract shall control unless it would make the Contract void by law. Any capitalized terms not specifically mentioned in this Section III of the Contract or any section, addendum or exhibit to this Contract shall have the meaning as defined in Section 10.3 of the Uniform Multifamily Rules, Section 13.2 of the Multifamily Direct Loan Rule and the State Act, as applicable.

- a. "**Adjusted Income**" means "adjusted income" as defined in 24 CFR §92.203.
- b. "**Affordability Period**" means the period commencing on the effective date of the LURA and ending on the date which is ■ (■) years from the effective date of the LURA.
- c. "**Annual Income**" or "**Annual Incomes**" means the calculation of "annual income" as defined at 24 CFR §5.609, which includes but is not limited to the list of income in HUD Handbook 4350, and specifically excludes from income those items listed in HUD's Updated List of Federally Mandated Exclusions from Income.
- d. "**Area Median Income**" or ("**AMI**") means the median income, adjusted for family size, for the area where the Property is located, as such median income is established by HUD at least annually for the HOME Program, or as otherwise established by the Department.
- e. "**Construction Completion**" means that title transfer requirements and construction work have been performed as reflected by the Development's certificate(s) of occupancy and Certificate of Substantial Completion (AIA Form G704) and the final drawdown of funds has been disbursed. In addition, for Developments not layered with Housing Tax Credits, Construction Completion means all modifications requested as a result of the Department's Final Construction Inspection were cleared as evidenced by receipt of the Closed Final Development Inspection Letter.

- f. “**De Minimis Amounts**” means any Hazardous Materials either (a) being transported on or from the Property or being stored for use by Development Owner or a tenant on the Property in connection with Development Owner’s or such tenant’s operations or tenancy, or (b) being used by Development Owner or a tenant on the Property, in either case in such quantities and in a manner that both (i) do not constitute a violation or threatened violation of any Environmental Laws and Regulations, Governmental Requirements or require any reporting or disclosure under any Environmental Laws and Regulations or Governmental Requirements, and (ii) is consistent with customary business practice for such operations in Texas.
- g. “**Department Compliance Monitoring Procedures**” means procedures and requirements adopted or imposed by the Department or HUD for the purpose of monitoring and auditing the Property and the books and records of the Development Owner for compliance with this Contract, Section 2306.186 of the Texas Government Code, 10 TAC §10.404, Title VI of the Civil Rights Act of 1964 (42 U.S.C. §2000d-1), Age Discrimination Act of 1975 (42 U.S.C. §6101 *et seq.*), The Fair Housing Act (42 U.S.C. §3601 *et seq.*), Equal Opportunity in Housing (Executive Order 11063 as amended by Executive Order 12259) and its implementing regulations at 41 CFR Part 60 (Executive Order 11246), Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. §794 *et seq.*), Architectural Barriers Act of 1968 (42 U.S.C. §4151 *et seq.*), Title 10, Part 1, Chapter 1, Subchapter B of the Texas Administrative Code, Title 10, Part 1, Chapter 10, Subchapters E and F of the Texas Administrative Code, the Multifamily Programs Procedures Manual, those inspections and examinations allowed pursuant to Section 2306.231 of the State Act and any and all other Environmental Laws and Regulations and Governmental Requirements (as defined below), as may be amended from time to time.
- h. “**Efficiency Unit**” means a Unit without a separately enclosed bedroom designed principally for use by a single person
- i. “**Environmental Laws and Regulations**” means any federal, state, or local law, statute, ordinance, or regulation, whether now or hereafter in effect, pertaining to health, industrial hygiene, or the environmental conditions on, under, or about the Land or the Improvements, including without limitation, the following, as now or hereafter amended, Hazardous Materials Transportation Act (49 U.S.C.A. §1801 *et seq.*); Insecticide Fungicide and Rodenticide Act (7 U.S.C.A. §136 *et seq.*); the National Environmental Policy Act (42 U.S.C. §4321 *et seq.*) (“**NEPA**”); Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C.A. §9601 *et seq.*) (“**CERCLA**”), as amended by the Superfund Amendments and Reauthorization Act of 1986 (Pub. L. No. 99-499, 100 Stat. 1613, as amended Pub. L. No. 107-377) (“**Superfund**” or “**SARA**”); Resource, Conservation and Recovery Act (24 U.S.C.A. §6901 *et seq.*) (“**RCRA**”); the Toxic Substances Control Act, 15 U.S.C.A. §2601 *et seq.*; Emergency Planning and Community Right to Know Act of 1986 (42 U.S.C.A. §1101 *et seq.*); Clean Air Act (42 U.S.C.A. §7401 *et seq.*) (“**CAA**”); Federal Water Pollution Control Act and amendments (33 U.S.C.A. §1251 *et seq.*) (“**Clean Water Act**” or “**CWA**”); and any corresponding state laws or ordinances including but not limited to Chapter 26 of the Texas Water Code regarding Water Quality Control, Texas Solid Waste Disposal Act (Chapter 361 of the Texas Health & Safety Code, formerly Tex. Rev. Civ. Stat. Ann. Art. 4477-7), Comprehensive Municipal Solid Waste

Management, Resource Recovery, and Conservation Act (Chapter 363 of the Texas Health & Safety Code), County Solid Waste Control Act. (Chapter 364 of the Texas Health & Safety Code), Texas Clean Air Act (Chapter 382 of the Texas Health & Safety Code) and Hazardous Communication Act (Chapter 502 of the Texas Health & Safety Code), and regulations, rules, guidelines, or standards promulgated pursuant to such laws, statute and regulations, as such statutes, regulations, rules, guidelines, and standards, as amended from time to time.

- j. **“Extremely Low Income Families”** means families and individuals whose Annual Incomes do not exceed thirty percent (30%) of the Area Median Income in the area in which the Property is located, as determined by the Department or as otherwise determined by the Department.
- k. **"Governmental Authority"** means the United States of America, the State of Texas, the County of ■, Texas, and the City of ■, Texas, and any political subdivision of any of the foregoing, and any other political subdivision, agency, or instrumentality exercising jurisdiction over Development Owner or the Property.
- l. **"Governmental Requirements"** means all federal, state and local laws, statutes, ordinances, rules, regulations, orders and decrees of any court or administrative body or tribunal related to the activities and performances under this Contract.
- m. **"Hazardous Substance” or “Hazardous Material"** means any substance defined as a hazardous substance, hazardous material, hazardous waste, toxic substance or toxic waste in the CERCLA, 42 U.S.C. §9601 *et seq.*; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §1801 *et seq.*; the RCRA, as amended, 42 U.S.C. §6901 *et seq.*; or any similar applicable federal, state or local law; or in any regulation adopted or publication promulgated pursuant to any said law, either existing or promulgated from time to time, other than *De Minimis* amounts of any such substances.
- n. **"HOME Match-Eligible Unit"** means a Unit in the Development that is not assisted with HOME Investment Partnerships Program (“HOME Program”) funds from the Department, but would qualify as affordable rental housing under 24 CFR Part 92 (a Unit occupied by families and individuals whose Annual Incomes do not exceed 80% of Area Median Income) and that is eligible to be considered for Match under 24 CFR Part 92.
- o. **"HUD"** means the United States Department of Housing and Urban Development.
- p. **"Low Income Families"** means families and individuals whose Annual Incomes do not exceed eighty percent (80%) of the Area Median Income, or as otherwise determined by the Department.
- q. **"Match” or “Matching Contribution"** means “matching contribution (Match)” as defined in Section 13.2(8) of the Multifamily Direct Loan Rule.

- r. **"Monthly Adjusted Income"** means one-twelfth (1/12) of the Annual Adjusted Income.
- s. **"Project Documents"** means all tenant lists, applications, (whether accepted or rejected), leases, lease addenda, tenant and owner certifications, advertising records, waiting lists, rental calculations and rent records, utility allowance documentation, income examinations and re-examinations relating to the Development and other documents otherwise required by the Department.
- t. **"Qualified Tenant(s)"** means a family or individual tenant of a Qualifying Unit who satisfies the requirements of Section VI of this Contract with respect to such Qualifying Unit.
- u. **"Qualifying Unit"** means a Unit designated as **[floating][fixed]** pursuant to 10 TAC §13.10(b) that (i) is rented to a Low Income Family, a Very Low Income Family, or an Extremely Low Income Family, and (ii) is used in complying with the occupancy requirements of Section VI of this Contract. A Qualifying Unit may, however, be designated by the Department as a HOME Match-Eligible Unit for purposes of the Department's Match contribution requirement for the HOME Program under 24 CFR §92.219. **[OR for Soft Repayment/deferred forgivable "Qualifying Unit"** means a Unit designated as **[floating][fixed]** pursuant to 10 TAC §13.10(b) that (i) is rented to an Extremely Low Income Family, (ii) any Qualifying Units may not also receive tenant-based voucher or rental assistance to the extent that there are other available Units within the Development that the voucher-holder may occupy, (iii) may not be restricted to 30% AMI by another Department program or any other fund source (iv) is used in complying with the occupancy requirements of Section VI of this Contract. **[OR for Supportive Housing a "Qualifying Unit"** means a Unit designated as **[floating][fixed]** pursuant to 10 TAC §13.10(b) that (i) is rented to an Extremely Low Income Family; and (ii) is used in complying with the occupancy requirements of Section VI of this Contract.]
- v. **"Single Room Occupancy ("SRO")"** [means an Efficiency Unit that meets all the requirements of a Unit except that it may, but is not required, to be rented on a month to month basis to facilitate Transitional Housing. Buildings with SRO Units have extensive living areas in common and are required to be Supportive Housing and include the provision for substantial supports from the Development Owner or its agent on site.] **[OR]** [Not applicable.]
- w. **"Supportive Housing"** [means residential rental developments intended for occupancy by individuals or households in need of specialized and specific non-medical services in order to maintain independent living. Supportive housing developments generally include established funding sources outside of project cash flow that require certain populations be served and/or certain services provided. The developments are expected to be debt free or have no permanent foreclosable or noncash flow debt. A Supportive Housing development financed with tax-exempt bonds with a project based rental assistance contract for a majority of the Units may be treated as Supportive Housing under all subchapters of the Uniform Multifamily Rules, except Subchapter D of the Uniform Multifamily Rules (relating to Underwriting and Loan Policy). If the bonds are expected to be redeemed upon construction completion, placement in service or stabilization and no other permanent debt will remain, the Supportive Housing development may be treated as

Supportive Housing under Subchapter D of the Uniform Multifamily Rules. The services offered generally include case management and address special attributes of such populations as Transitional Housing for homeless and at risk of homelessness, persons who have experienced domestic violence or single parents or guardians with minor children.] **OR** [Not applicable.]

- x. **“Transitional Housing”** [means a Supportive Housing development that includes living Units with more limited individual kitchen facilities and is: (1) used exclusively to facilitate the transition of homeless individuals and those at-risk of becoming homeless, to independent living within twenty-four (24) months; and (2) is owned by a Development Owner that includes a governmental entity or a qualified non-profit which provides temporary housing and supportive services to assist such individuals in, among other things, locating and retaining permanent housing. The limited kitchen facilities in individual Units must be appropriately augmented by suitable, accessible shared or common kitchen facilities.] **OR** [Not applicable.]
- y. **"Unit"** means a residential unit in a Development consisting of an accommodation, including a single room used as an accommodation on a non-transient basis that contains complete physical facilities and fixtures for living, sleeping, eating, cooking and sanitation.
- z. **"Utility Allowance"** means a monthly allowance for utilities and services (excluding internet and telephone) to be paid by the tenant, which monthly allowance is approved by the Department annually and from time to time as required under the State Multifamily Rules.
- aa. **"Very Low Income Families"** means families and individuals whose Annual Incomes do not exceed fifty percent (50%) of the Area Median Income, or such other income limits as otherwise determined by the Department.

Section 3.2. Generic Terms.

Unless the context clearly indicates otherwise, where appropriate, the singular shall include the plural, -the masculine shall include the feminine or gender neutral, and vice versa, to the extent necessary to give the terms defined in this Section III of this Contract and/or the terms otherwise used in this Contract their proper meanings.

SECTION IV. CROSS-CUTTING FEDERAL REQUIREMENTS

Section 4.1 Affirmative Marketing

Development Owner shall adopt affirmative marketing procedures and requirements in accordance with 10 TAC §10.617. Development Owner shall maintain and abide by an affirmative marketing plan which shall be designed to attract tenants and employees from all racial, ethnic/national origin, sex, religion, familial status and persons with special needs groups and shall require all press releases and written materials, advertising or promoting of the Development to, when feasible, include the equal housing opportunity logo or slogan. Development Owner further agrees to maintain documents and records evidencing its compliance with said plan and the affirmative marketing requirements imposed by the NOFA, 10 TAC §10.617, and any guidance provided by the Department.

Section 4.2 Nondiscrimination, Fair Housing, Equal Access and Equal Opportunity

The Development Owner shall ensure that no person shall, on the grounds of race, color, religion, sex, disability, familial status, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with funds provided under this Contract. The Development Owner shall follow Title VI of the Civil Rights Act of 1964, as amended (42 U.S.C. §2000d *et seq.*), Title VI, “Safe Homes for Victims of Domestic Violence, Dating Violence, Sexual Assault, and Stalking”, of the Violence Against Women Reauthorization Act of 2013 (42 U.S.C. §13925 *et seq.*) as implemented by HUD at 24 CFR Part 5, Subpart L, the Age Discrimination Act of 1975 (42 U.S.C. 6101 *et seq.*) and its implementing regulations at 24 CFR Part 146, Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§12131-12189; 47 U.S.C. §§155, 201, 218 and 255), as implemented by U. S. Department of Justice at 28 CFR Parts 35 and 36, Section 527 of the National Housing Act (12 U.S.C. §1701z-22), the Equal Credit Opportunity Act (15 U.S.C. §1691 *et seq.*), Fair Credit Reporting Act (15 U.S.C. §1681 *et seq.*), the Equal Opportunity in Housing (Executive Order 11063 as amended by Executive Order 12259) and its implementing regulations at 24 CFR Part 107, The Fair Housing Act (42 U.S.C. §3601 *et seq.*), as implemented by HUD at 24 CFR Part 100-115, 24 CFR §92.250, 24 CFR §92.202 and 24 CFR §5.105(a).

By the Development Owner’s execution of this Contract, Development Owner agrees to affirmatively further fair housing by using funds in a manner that follows the “State of Texas’s Analysis of Impediments” and maintaining records in this regard.

■[OPTIONAL: FOR NEW CONSTRUCTION/ RECONSTRUCTION/ SUBSTANTIAL REHAB/ADAPTIVE REUSE] **Section 4.3 Installation of Broadband Infrastructure**

If the Development includes the new construction, “substantial rehabilitation” as defined in 24 CFR 5.100, or Reconstruction of multifamily Units (5 or more Units per building), the Development Owner and its contractors must comply with 24 CFR Part 5 and 24 CFR §§92.251(a)(2)(vi) and (b)(1)(x), unless exempt thereunder and approved as such by the Department in writing, and install broadband infrastructure capable of providing access to Internet connections in the Units that meets the definition of “advanced telecommunications capability” determined by the Federal Communications Commission under Section 706 of the Telecommunications Act of 1996 (47 U.S.C. 1302).

SECTION V. LOAN CLOSING AND LOAN DOCUMENTS

Section 5.1 Loan Terms

Unless otherwise provided herein, the Department will fund a Loan to Development Owner in accordance with Section 13.8 of the Multifamily Direct Loan Rule and the terms and conditions provided in the Award Letter and Loan Term Sheet (including any and all amendments) -attached hereto as Exhibit B of this Contract. The Loan Terms may be amended in accordance and subject to the requirements under Sections 13.12 and 13.13 of the Multifamily Direct Loan Rule. The Capitalized terms used in this Section V of the Contract shall have, unless the context clearly requires otherwise, the meanings specified in the Award Letter and Loan Term Sheet (including any and all amendments).

Section 5.2 Loan Closing Date

The Loan must close no later than the “**Loan Closing Date**” as defined in the Award Letter and Loan Term Sheet (including any and all amendments) in Exhibit B of this Contract, but in no event later than **three (3)** months from the Effective Date of this Contract pursuant to Section 13.11(e) of the Multifamily Direct Loan Rule, unless Department, in its sole discretion, chooses to extend the Loan Closing Date in accordance with Section 13.12(1) of the Multifamily Direct Loan Rule. This Contract and all Department’s obligations hereunder may expire, in the Department’s discretion, if all conditions to the closing and initial funding, if applicable, are not satisfied by the Loan Closing Date.

Section 5.3 Due Diligence Due Date

Unless otherwise provided herein, Borrower shall deliver all of the information required by this Contract, including but not limited to the items listed under Section 5.14 of this Contract and in Section 13.11(o) of the Multifamily Direct Loan Rule, no later than the “**Due Diligence Due Date**” defined in the Award Letter and Loan Term Sheet (including any and all amendments) attached as Exhibit B to this Contract and if the Department in its sole discretion determines that such information was inadequate or incomplete or has not been received by the Department by said date, the Department may terminate the Department's obligations under this Contract, unless Department, in its sole discretion, chooses to extend the Due Diligence Due Date in writing. Development Owner must meet all requirements for commitment of funds within 180 days after Board Approval Date.

Section 5.4 Construction Commencement and Development Period

Construction must commence within three (3) months of the Effective Date of this Contract in accordance with Section 13.11(e) of the Multifamily Direct Loan Rule and subject to Section 8.1 of this Contract and must be completed by the end of the Development Period as may be extended, but in no event later than thirty (30) months of the Loan Closing Date. The Development Period shall be eighteen (18) months from the Loan Closing Date, unless extended, as said terms are defined in the Award Letter and Loan Term Sheet (including any and all amendments) and shall be further defined in the Loan Documents. The Department may approve, prior to Loan Closing Date, extensions of the Development Period or loan conversion date of up to twelve (12) months based on the documentation that the extension is necessary to complete construction and that there is a good cause for the extension in accordance with Section 13.12(3) of the Multifamily Direct Loan Rule. Such extension requests will generally not be approved prior to Loan Closing Date.

Section 5.5 LURA

The LURA is required by the Department, executed by Development Owner and recorded in the appropriate county office for property records, and restricts the Property to certain occupancy and rent requirements for the Affordability Period. During the Affordability Period of the LURA, the Property will be subject to all laws and regulations regarding the TCAP RF Program and its affordability requirements. Among other restrictions, the LURA requires the Development Owner of the Property to continue to accept subsidies which may be offered by the federal government, prohibit the Development Owner from exercising an option to prepay a federally insured loan, impose tenant income-based occupancy and rental restrictions, or impose any of these and other restrictions as deemed necessary at the sole discretion of the Department in order to preserve the Property as affordable housing on a case-by-case basis. The LURA may be amended in accordance and subject to the requirements under Section 10.405(b) of the Uniform Multifamily Rules.

Section 5.6 Title Insurance

Borrower must provide the Department with an Interim Construction Binder or Mortgagee's Policy of title insurance, as applicable, for the Property, (from a title insurer acceptable to the Department) issued on standard forms promulgated by the Texas Department of Insurance, in the amount of the Loan, showing Department to be in a lien position consistent with the terms of the Contract. At closing, the Borrower must be prepared to provide the Department with the Binder/Mortgagee Policy with only such

exceptions to title on Schedule B as acceptable to Department. The Department shall require the standard "survey deletion," deletion of the "Arbitration Clause" and an Environmental Endorsement.

Section 5.7 Insurance

- a. Borrower must obtain and maintain (or cause to be obtained and maintained) during the entire Loan Term, property and casualty insurance in an amount sufficient to protect Department's interest in the Property, issued on a replacement cost basis and insuring the full replacement cost of the Property. This insurance is to be furnished through a company of Borrower's choice with a rating of at least "A-" by Standard & Poor Insurance Solvency Review and/or at least "A, XI" by Best's Insurance Guide with the Texas Department of Housing and Community Affairs listed as a mortgagee and not as a co-insured. If the Department, in its sole discretion deems the Property to be at risk for special hazards, the Department may require additional coverage for flood, windstorm or earth movement. Borrower must also obtain and maintain (or cause to be obtained and maintained) public liability insurance in the minimum amount of \$1,000,000, or such other amount as the Department may from time to time require by giving notice to Borrower, with the Texas Department of Housing and Community Affairs listed as an additional insured. Borrower must also obtain and maintain (or cause to be obtained and maintained by its general contractor) during any and all times improvements on the Property are under construction, public liability insurance (including worker's compensation insurance), with the Texas Department of Housing and Community Affairs listed as an additional insured and carry builder's risk property insurance in non-reporting ("completed value") form on a replacement cost basis (in lieu of carrying commercial property insurance during the construction period), endorsed to be payable to the Texas Department of Housing and Community Affairs listed as a mortgagee and loss payee. Evidence of insurance shall be provided annually to the Department.
- b. Borrower must obtain flood insurance if Property is located in a FEMA designated 100-year flood plain in accordance with Section 10.101(a) of the Uniform Multifamily Rules.
- c. Furthermore, if the Property is zoned for a legal but nonconforming use, Borrower must also obtain and maintain "ordinance and law" insurance coverage for the (i) loss of Improvements because of forced removal based on zoning violations; (ii) related demolition costs; and (iii) increased costs of repair or construction which is attributable to enforcement of zoning requirements. This additional insurance coverage may be obtained by endorsement to existing property insurance policies.
- d. The Development Owner shall provide the Department with insurance policies evidencing the Development Owner's current and effective insurance coverage. The Development Owner agrees to notify the Department promptly upon receipt of notification of the termination, cancellation, expiration, or modification of any required insurance coverage or policy endorsements. The Development Owner agrees to suspend the performance of all work performed under this Contract until the Development Owner satisfies the required coverage requirements, obtains the required policy endorsements and delivers to Department insurance policies evidencing that such coverage and policy endorsements are current and effective, and receives notification from Department that the performance of work under this Contract may

recommence, which shall be delivered promptly following the Department's receipt of foregoing items.

Section 5.8 Taxes, Insurance, and Escrow

All ad valorem taxes and all special or improvement assessments, if any, which are due and payable and affect the Property must be paid in full at or prior to closing. [IF APPLICABLE: If not already required to do so by the first lien lender,] Development Owner must create a reserve for the payment of all insurance premiums, taxes, and assessments against the Property by depositing (and providing Department written evidence annually, or more frequently if requested by the Department, of such deposits in a form satisfactory to Department) in an account with Department as an additional signatory authority on said account in a federally insured bank or savings and loan approved by Department, for the Loan Term concurrent with the payment of principal and interest, a sum equal to the premiums that will next become due and payable on the hazard insurance policies covering the Property, or any part thereof, plus taxes and assessments next due on the Property, or any part thereof, as estimated by Department, less all sums deposited therefore, divided by the number of months to elapse before one month prior to the date when such premiums, taxes and assessments will become delinquent. All such funds so deposited may not be mingled with the general funds of Development Owner and shall be applied by Development Owner toward the payment of such taxes, assessments, charges and premiums when statements therefore are presented to Development Owner. Evidence of payment of taxes and insurance is to be provided annually to Department.

Section 5.9 Survey

Borrower agrees to provide the Department, at Borrower's expense, a current survey of the Property, showing any improvements as built and otherwise satisfactory to Department. The survey must be a class 1A urban survey and/or a Class 1A "As-built" survey and must be accompanied by a description of the Property and a surveyor's certificate, both of which must be satisfactory to Department, Department's counsel, and the title company. The survey must be sufficient to allow the title company to amend the title policy survey exception to provide for "shortages in area only." The survey must also show whether any portion of the Property is located within a designated 100-year flood plain. The survey must show any and all encroachments. If there are any encroachments, the Department reserves the right to hold or condition funding until the encroachment issues have been resolved. The survey must also be certified to the Department, the Borrower, and the title company.

Section 5.10 Appraisal

If required by the Department, Development Owner agrees to provide the Department, at Development Owner's expense, a full appraisal of the fair market value of the Property or proposed Property prepared by a State of Texas certified appraiser. The form and content of the appraisal must be in accordance with 10 TAC §10.205(4) and §10.304 of the Uniform Multifamily Rules and must be acceptable to the Department. The appraisal must indicate a fair market value of the Property to be at least that of the total combined indebtedness on the Property. If the appraised market value of the Property is less than stipulated above, the Department reserves the right to re-evaluate the terms and conditions of this Contract, and may exercise its right to terminate the Contract. Development Owner shall pay the cost of such appraisal in any event.

Section 5.11 Attorney's Opinion

A written opinion of Borrower's attorney shall be dated as of the Loan Closing Date, stating:

- a. If Borrower is a corporation, that Borrower is duly organized, validly existing and in good standing under the laws of the state of their incorporation, and has the power and authority to transact business in the state of Texas and that there are no provisions in the documents creating or controlling any of them which prohibit the execution and delivery of the Loan Documents;
- b. Borrower is not in violation of its respective charters or bylaws (if a corporation) nor in default in any material respect in the performance of any obligation, agreement or condition contained in any bond, debenture, promissory note or any other evidence of indebtedness to which such Borrower is a party;
- c. That the execution and delivery of the Loan Documents, and the performance by Borrower hereunder, have been duly authorized by all necessary action, and do not and will not require any consent or approval (except those which have been supplied) and do not and will not violate any provisions of any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award presently in effect having applicability to Borrower (including, but not limited to applicable usury laws);
- d. That the execution, delivery and performance of and under the Loan Documents and the consummation of the transactions contemplated therein will not conflict with or constitute a breach of any of the terms of, or a default under, creating or controlling Borrower and will not cause a material breach of any agreement, indebtedness indenture or other instrument to which Borrower is a party;
- e. That the Loan Documents constitute valid, legal and binding obligations of Borrower, enforceable in accordance with their terms (subject to applicable bankruptcy, insolvency or other laws affecting enforceability or creditors' rights generally);
- f. That there are no actions, suits or proceedings, including environmental actions, pending or, to such attorney's knowledge, threatened against Borrower which, if adversely decided, would have a material adverse effect upon Borrower;
- g. The Property is not subject to any state or federal environmental liens; and,
- h. That Borrower is not knowingly in default with respect to any requirement of a governmental agency.

Section 5.12 Attorney's Fees

Borrower shall be responsible for paying Department's attorney's fees incurred in connection with the negotiation, document preparation, and closing of the Loan to the extent allowable under the

Department's governing statutes. In the event that the Loan does not close, Borrower's acceptance of this Contract constitutes Borrower's agreement to pay Department's attorney's fees incurred in connection with the Loan to the extent allowed by law.

Section 5.13 Closing Costs

Borrower shall be responsible for all closing costs, including but not limited to appraisal fees, environmental assessment fees, survey fees, premiums for title insurance, escrow fees, recording fees and other similar costs and expenses incurred in connection with the closing of this Loan. In the event that the Loan does not close, Borrower's acceptance of this Contract constitutes Borrower's agreement to pay all costs actually incurred by Department in connection with the Loan.

Section 5.14 Due Diligence

The following additional items and information shall be delivered to and approved by the Department on or before the Due Diligence Due Date in accordance with Section 13.11(n)(5)-(6) of the Multifamily Direct Loan Rule, but in no event later than the Loan Closing Date and initial funding if applicable::

- a. Name, address, and contact information for inspecting architect or inspection contractor, engineer, Borrower's attorney and surveyor;
- b. Any construction, architect's and/or engineer's contracts that have been entered into;
- c. Plans and specifications;
- d. Current, final certified plat or ALTA survey acceptable to Department for closing and funding the Loan;
- e. The execution by Borrower of the "Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements" attached as Addendum A to this Contract.
- f. The execution by Borrower of the "Additional Use Requirements; Amenities Requirement" attached as Addendum B to this Contract.
- g. Proof of appropriate zoning or letter of compliance for Consistency Plan, as applicable.
- h. Final commitments and documentation of sufficient financing to [rehabilitate] [construct] and operate the Development.
- i. Confirmation of the DUNS Number, TX Payee ID Form, Housing Contract System Access Form, Direct Deposit Authorization Form, and any additional forms required by the Department at the time of award.

Section 5.15 Additional Information

The Department reserves the right to require additional and/or updated information (such as financial statements, copies of organizational and authorizing documents, name(s) and resume(s) of consultant(s), etc.) prior to closing. Failure to provide such additional and/or updated information shall constitute a breach of Borrower's obligations and shall entitle Department to terminate this Contract.

Section 5.16 Loan Documents

Borrower's [and, if applicable, Fee Title Owner's] execution and delivery of the promissory note, deed of trust, LURA, construction loan agreement if applicable, and all other documents evidencing, securing, or executed in connection with the Loan in form and substance acceptable to the Department and as further defined in Section 13.11(p) of the Multifamily Direct Loan Rule (collectively, the "**Loan Documents**"). The Loan Documents shall expand and fully set forth the terms and conditions of the Loan. Borrower's counsel will be provided with unexecuted Loan Documents at least ten (10) days before Department provides Loan Documents to a title company. Borrower's counsel will be provided with final closing documents simultaneously with the title company. The Loan Documents must be executed on or before the Loan Closing Date in accordance with the terms herein. Within three (3) days of review of the fully executed Loan Documents, Borrower's counsel will provide the Attorney Opinion Letter as described in Section 5.11 of this Contract. In any case, should there be any contradictions in terms between the Award Letter and Loan Term Sheet (including any and all amendments), and the finalized Loan Documents, the terms within the executed Loan Documents will supersede the Award Letter and Loan Term Sheet (including any and all amendments).

Section 5.17 [Non-Recourse] [OR] [Recourse]

The Department's underwriting guidelines have determined the type of recourse the Department shall have against Borrower for payment and performance of all obligations, covenants, and agreements of Borrower under the Loan. Pursuant to said guidelines, the Loan will be [CHOOSE ONE-] ■[[IF RECOURSE- recourse and the Department shall have full recourse against Borrower for payment and performance of all of the obligations, covenants and agreements of Borrower under the Loan] [non-recourse, and notwithstanding anything herein to the contrary, Department shall have no recourse against Borrower for payment and performance of all of the obligations, covenants and agreements of Borrower under the Loan and the documents securing the Loan]. [OR] ■[[IF NONRECOURSE- If default occurs in the timely and proper payment of any portion of such indebtedness or in the timely performance of any of such obligations, agreement or covenants, any judicial proceedings brought by Department against Borrower shall be limited to the protection and preservation of the Property, the preservation, enforcement and foreclosure of the liens, mortgages, assignments, rights and security interests securing the payment of the Loan, and enforcement and collection of obligations, covenants and indebtedness for which Borrower remains liable. If there is a foreclosure of any such liens, mortgages, assignments, rights, and security interests securing the payment of this Loan, by power of sale or otherwise, no judgment for any deficiency upon such indebtedness shall be sought or obtained by Department against Borrower. Notwithstanding the foregoing provisions of this paragraph, the Department shall have full recourse against Borrower for: (a) fraud or misrepresentation by Borrower in connection with the transactions herein contemplated; (b) failure to pay taxes, assessments, charges for labor or materials, or other charges that can create liens on any portion of the Property; (c) the misapplication of (i) proceeds of insurance covering any portion of the Property, or (ii) proceeds of the sale or condemnation of any portion of the Property, or (iii) rentals received by or on behalf of Borrower

subsequent to the date on which Department gives written notice of the posting of foreclosure notices; (d) failure to prevent waste to the Property unless Department is compensated therefore by insurance proceeds collected by Borrower; (e) failure to return to Department of all unearned advance rentals and security deposits paid by tenants of the Property and not refunded to or forfeited by such tenants; (f) failure to return or reimburse for, all personal property taken from the Property by or on behalf of Borrower; (g) all court costs and for all reasonable attorneys' fees incurred by Department provided for in any instrument governing, securing or pertaining to the payment of the promissory note; and (h) failure to comply with any indemnification provision or covenants pertaining to environmental matters contained in the deed of trust or any other security documents.]

Section 5.18 Prepayment Provisions

The Loan may be prepaid in whole or in part at any time without penalty. Repayment of Loan does not release Borrower from conditions and limitations placed on the Property under the LURA or this Contract.

Section 5.19 Due on Sale Clause

Borrower shall not sell, transfer, or convey the Property in whole or in part without Department's prior written consent. Upon a sale, transfer, or conveyance that is without the Department's consent, the Department, at its option, may declare all outstanding sums immediately due and payable.

Section 5.20 Purchase Options, Rights of First Refusal, Preemptive Rights to Purchase

Funds under this Loan are subject to lender's preemptive rights to purchase the Property to preserve affordability in accordance with 10 TAC §10.407.

SECTION VI. USE, OCCUPANCY AND RENT OF THE PROPERTY

Section 6.1 Occupancy Requirements

Pursuant to 10 TAC §13.10(b), Qualifying Units must be designated as ["floating"] ["fixed"] Units and ■ Units [■OPTIONAL IF FIXED UNITS- specifically Units Nos. _____] ("Qualifying Units") of the ■ Units must be set aside for income eligible individuals and families as set forth below and pursuant to the LURA:

- a. Initial Occupancy Requirements. Notwithstanding anything in this Contract or in the LURA to the contrary, at the time of occupancy of the Development, but in no event later than six (6) months from the final draw of loan funds, unless extended in accordance with 10 TAC §13.11(k), Development Owner must set aside ■ ["floating"] ["fixed"] Qualifying Units of the ■ Units that comply with the following occupancy requirements:

at least ■ ["floating"] ["fixed"] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the ■ Qualifying Units ■[acquired] [rehabilitated] [constructed] with funds provided under the TCAP RF Program must be occupied by Low Income Families whose Annual Incomes do not exceed sixty percent (60%) of the Area Median Income;

at least ■ [floating][fixed] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the ■ Qualifying Units ■[acquired] [rehabilitated] [constructed] with funds provided under the TCAP RF Program must be occupied by Very Low Income Families;

The remaining ■ [floating][fixed] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the ■ Qualifying Units [acquired] [rehabilitated] [constructed] with funds provided under the TCAP RF Program must be occupied by Extremely Low Income Families ■ [and the Qualifying Units cannot be Units that have other rental assistance except if no other Unit is available for an applicant with a tenant-based voucher]; and

■[OPTIONAL FOR REHAB]Anything to the contrary in the foregoing notwithstanding, Development Owner will not terminate the occupancy of any tenant in occupancy on the effective date of the LURA that is not a Qualified Tenant for purposes of meeting the initial occupancy requirements of this Section 6.1(a) of the Contract. In the event that Development Owner is unable to comply with the initial occupancy requirements of this Section 6.1(a) of the Contract because of the occupancy as of the effective date of the LURA of any Units by tenants who are not Extremely Low Income Families, Very Low Income Families or Low Income Families, or who have not been determined to be a Qualified Tenant, Development Owner will be in compliance with this Section 6.1 of the Contract if each Unit which thereafter becomes vacant is occupied or held available for occupancy by Extremely Low Income Families, Very Low Income Families or Low Income Families, as the case may be, until the low income occupancy requirements of this Section 6.1 of the Contract are met.]

- b. Long Term Occupancy Requirements. Pursuant to subsection (a) of this Section 6.1 of the Contract and the LURA, during the Contract Period or Affordability Period, whichever period is longer, following the initial occupancy period, Development Owner will make available for occupancy to:

Low Income Families whose Annual Incomes do not exceed eighty percent (80%) of the Area Median Income not less than ■ [floating][fixed] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the Qualifying Units;

Low Income Families whose Annual Incomes do not exceed sixty percent (60%) of the Area Median Income not less than ■ [floating][fixed] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the Qualifying Units;

Very Low Income Families whose Annual Incomes do not exceed fifty percent (50%) of the Area Median Income not less than ■ [floating][fixed] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the Qualifying Units;

Very Low Income Families whose Annual Incomes do not exceed forty percent (40%) of the Area Median Income not less than ■ [floating][fixed] [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the Qualifying Units; and

Extremely Low Income Families whose Annual Incomes do not exceed thirty percent (30%) of the Area Median Income the remaining ■ [■OPTIONAL IF FIXED UNITS-Qualifying] Units of the Qualifying Units ■ [floating][fixed] [and the Qualifying Units cannot be Units that have other rental assistance except if no other Unit is available for an applicant with a tenant-based voucher]; .

c. Unit Mix. Subject to subsections (a) and (b) of this Section 6.1 of the Contract, during the Contract Period or the Affordability Period, whichever period is longer, Development Owner will make all Qualifying Units available for occupancy with the following mix of Unit Types as defined in 10 TAC §10.3(a)(137)Unit mix:

■ [floating][fixed] Units of the Qualifying Units with SRO Unit including 1 bath and Net Rentable Area (NRA) of ____ sq ft plus or minus (+/-) 10 sq ft,

OR

■ [floating][fixed] Units of the Qualifying Units with Efficiency Unit including 1 bath and Net Rentable Area (NRA) of ____ sq ft plus or minus (+/-) 10 sq ft,

■ [floating][fixed] Units of the Qualifying Units with 1 bedroom, 1 bath and Net Rentable Area (NRA) of ____ sq ft plus or minus (+/-) 10 sq ft,

■ [floating][fixed] Units of the Qualifying Units with 2 bedrooms, ____ bath(s) and Net Rentable Area (NRA) of ____ sq ft plus or minus (+/-) 10 sq ft,

■ [floating][fixed] Units of the Qualifying Units with 3 bedrooms, ____ bath(s) and Net Rentable Area (NRA) of ____ sq ft plus or minus (+/-) 10 sq ft,

■ [floating][fixed] Units of the Qualifying Units with 4 bedrooms, ____ bath(s) and Net Rentable Area (NRA) of ____ sq ft plus or minus (+/-) 10 sq ft, and

At least five percent (5%) of the Qualifying Units will be designed and built to be accessible to persons with mobility impairments, meeting the accessibility requirements of construction requirements of 2010 ADA standards with the exceptions listed in "Nondiscrimination on the Basis of Disability in Federally Assisted Programs and Activities" *Federal Register 79 FR 29671* and at least two percent (2%) of the Qualifying Units will be designed and built to be accessible to persons with vision and hearing impairments.

- d. HOME Match-Eligible Units. [Not applicable.] **OR** [Notwithstanding anything herein or in the LURA to the contrary, all ■ Qualifying Units will be treated by the Department as HOME Match-Eligible Units for the Department's purposes under the HOME Program.] **OR** [For **Supportive Housing/Soft Repayment set aside:** Notwithstanding anything herein or in the LURA to the contrary, ■ Units will be treated by the Department as HOME Match-Eligible Units for the Department's purposes under the HOME Program.] [If applicable: ■[None][number of other PJ HOME Assisted Units] of these HOME Match-Eligible Units can be Units assisted with HOME funds from ■ [].]
- e. Concentration of Low-Income Families. Development Owner shall use its best efforts to distribute [floating][fixed] Units reserved for Low Income Families, Very Low Income Families and Extremely Low Income Families among Unit sizes in proportion to the distribution of Unit sizes in the Property and to avoid concentration of Low Income Families, Very Low Income Families and Extremely Low Income Families in any area or areas of the Property.
- f. Elderly Development: Elderly Limitation Development) [Not applicable.] **OR** [If the Development is an Elderly Development as defined in 10 TAC §10.3(a)(46)(A), throughout the Affordability Period or Contract Period, whichever period is longer, unless otherwise permitted by the Department, the Development must conform to the Federal Fair Housing Act and must be a Property which:
- (i) as determined by the Secretary of HUD, is specifically designed and operated to assist elderly persons as defined in and provided under any State or Federal program;
 - (ii) is intended for, and solely occupied by persons 62 years of age or older; or
 - (iii) is intended and operated for occupancy by at least one person 55 years of age or older per Unit, where at least 80% of the total housing Units are occupied by at least one person who is 55 years of age or older; and adheres to policies and procedures which demonstrate an intent by Development Owner and manager to provide housing for persons 55 years of age or older.]
- g. Elderly Development: Elderly Preference Development. [Not applicable.] **OR** [If the Development is an Elderly Preference Development, throughout the Affordability Period, unless and until the Project is no longer required to operate under the age restrictions imposed by federal funding, this Project must operate as an Elderly Preference Development as defined in 10 TAC §10.3(a)(46)(B) and as further defined below. A Project operating as an Elderly Development that receives funding and certain types of HUD or other federal assistance is an Elderly Preference Development. An Elderly Preference Development must lease to tenant populations other than just the elderly, including in many cases elderly households with children. A Project that is deemed to be an Elderly Preference Development must be developed and operated in a manner which will enable the Project to serve households with children when there is a reasonable and foreseeable demand for households with children, including, but not limited to,

making provision for such in developing its unit mix and amenities. [add elderly definition from the other fund source] While the Project receives the funding requiring an Elderly Preference, it must market the entire Project as accepting households with children along with the age restrictions required by the federal funding source. If the Project ceases to receive federal funding it must notify the Department and request a contract amendment.]

- h. Extension of Initial Occupancy Period. Requests to the Department from the Development Owner to extend the six (6) month initial occupancy period must be accompanied by marketing information and a marketing plan which may be submitted by the Department to HUD for final approval.
- i. Repayment of TCAP RF Funds. Pursuant to 10 TAC §13.11(l), TCAP RF funds may be required to be repaid on a per-Unit basis if the Qualifying Units are not rented to eligible tenants within eighteen (18) months of the final draw of loan funds.

Section 6.2 Accessibility

- a. Pursuant to 24 CFR §§92.251(a)(2)(i) and (b)(1)(iv), Development Owner must ensure that the Property will meet or exceed the accessibility requirements under (1) 24 C.F.R Part 8, which implements Section 504, (2) the Fair Housing Act Design Manual, (3) Titles II and III of the Americans with Disabilities Act (42 U.S.C. §§12131-12189), as implemented by the Department of Justice regulations at 28 CFR Parts 35 and 36, (4) the Federal Fair Housing Act as implemented by HUD at 24 CFR Part 100, and (5) the Department's Accessibility rules in 10 TAC §10.101(b)(8) and Title 10, Part 1, Chapter 1, Subchapter B of the Texas Administrative Code, as may be amended from time to time.
- b. ■ FOR NEW CONSTRUCTION, SUBSTANTIAL REHABILITATION OR REHABILITATION OF MULTIFAMILY UNITS: In accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 CFR Part 8, if the Property includes the new construction Rehabilitation, Reconstruction, of multifamily Units (4 or more Units per building), the Development Owner will ensure that at least five percent (5%) of all dwelling Units will be designed and built to be accessible for persons with mobility impairments. A Unit that is on an accessible route and is adaptable and otherwise compliant with the 2010 Standards under the Americans with Disabilities Act meets this requirement. In addition, at least two percent (2%) of all dwelling Units will be designed and built to be accessible for persons with hearing or vision impairments.]

OR

- e. ■ FOR NEW CONSTRUCTION OR REHABILITATION OF SINGLE FAMILY UNITS OR DUPLEXES/TRIPLEXES: If the Property includes the new construction or Rehabilitation of single family Units (1 to 3 Units per building), the Development Owner will ensure that every Unit meets or exceeds the accessibility requirements of Section 2306.514 of the State Act, as it may be amended and in accordance with Section 504 of the Rehabilitation Act of 1973 and implemented at 24 CFR Part 8. If the Property includes the new construction, Rehabilitation, or Reconstruction, the Development Owner will ensure that at least five percent (5%) of all dwelling Units will be designed and built to be accessible for persons

with mobility impairments. A Unit that is on an accessible route and is adaptable and otherwise compliant with the 2010 Standards under the Americans with Disabilities Act meets this requirement. In addition, at least two percent (2%) of all dwelling Units will be designed and built to be accessible for persons with hearing or vision impairments.]

~~4.~~ [Additionally, if the development involves new construction (excluding new construction of non-residential buildings) where some Units are two-stories or single family design and are normally exempt from Fair Housing accessibility requirements, a minimum of 20% of each Unit type (i.e., one bedroom one bath, two bedroom one bath, two bedroom two bath, three bedroom two bath) must provide an accessible entry level and all common-use facilities in compliance with the Fair Housing Guidelines, and include a minimum of one bedroom and one bathroom or powder room at the entry level.][Additionally, all Units accessed by the ground floor or by elevator ("**affected units**") must comply with the visitability requirements in clauses (i)-(iii) of this subsection. Design specifications for each item must comply with the standards of the Fair Housing Act Design Manual. Buildings occupied for residential use on or before March 13, 1991 are exempt from this requirement.

- (i) All common use facilities must be in compliance with the Fair Housing Design Act Manual.
- (ii) To the extent required by the Fair Housing Design Act Manual, there must be an accessible or exempt route from common use facilities to the affected units.
- (iii) Each affected unit must include these features:
 - 1. at least one zero-step, accessible entrance;
 - 2. at least one bathroom or half-bath with toilet and sink on the entry level. The layout of this bathroom or half-bath must comply with one of the specifications set forth in the Fair Housing Act Design Manual;
 - 3. the bathroom or half-bath must have the appropriate blocking relative to the toilet for the later installation of a grab bar, if ever requested by the tenant of that Unit; ~~and~~
 - 4. there must be an accessible route from the entrance to the bathroom or half-bath, and the entrance and bathroom must provide usable width; and
 - ~~4.5.~~ ~~(V)~~ light switches, electrical outlets, and thermostats on the entry level must be at accessible heights.]

Section 6.3 Use of the Property

- a. Rental Housing. The Development Owner shall continuously use the Property as rental housing during the Contract Period or Affordability Period, whichever is longer, in order to meet the occupancy requirements of this Contract.
- b. Federal Use Period. Development Owner must use the funds under this Contract for the development or operation of housing on the Property that remains affordable, for a period of not less than 15 years after construction completion, to households whose annual incomes does not exceed 80 percent of the median family income, and as otherwise restricted herein.

Section 6.4 Common Areas

During the Affordability Period or Contract Period, whichever period is longer, Development Owner agrees that any common areas, including, without limitation, any laundry or community facilities on the Property shall be for the exclusive use of the tenants and their guests and shall not be available for use by the general public.

Section 6.5 Rent Limitations for Low-Income Families

The maximum monthly rent charged by Development Owner for Qualifying Units occupied by Low Income Families other than Very Low Income Families shall not exceed the limits determined by the applicable calculations required by HUD or the Department in accordance with 24 CFR §92.252(a), as may be amended or modified from time to time. In general, the tenant's portion of rent, plus an allowance for utilities, plus rental assistance payments cannot exceed the High HOME rent limits. All Qualifying Units occupied by Low Income Families may be rented at the High HOME Rents as defined under 24 CFR §92.252, as may be amended or modified from time to time.

Section 6.6 Rent Limitations for Very and Extremely Low-Income Families

The maximum monthly rent charged by Development Owner for Qualifying Units occupied by Very Low Income Families and Extremely Low Income Families shall not exceed the limits determined by the applicable calculations required by HUD or the Department in accordance with 24 CFR §92.252(b) as may be amended or modified from time to time. In general, the tenant's portion of rent, plus an allowance for utilities, plus rental assistance payments, cannot exceed the Low HOME rent limits. All Qualifying Units occupied by Very Low Income Families must be rented at the Low HOME Rents as defined under 24 CFR §92.252, as may be amended or modified from time to time. All Qualifying Units occupied by Extremely Low Income Families must be rented at a gross rent limit that does not exceed thirty percent (30%) of the income limitation imputed using one (1) person for Units with no separate bedrooms and 1.5 persons per bedroom of all other Units pursuant to Section 42(g)(2)(A) and (B) of the Internal Revenue Code, where the combined tenant paid portion of the rent and applicable Utility Allowance does not exceed said limit. All Qualifying Units set aside for Extremely Low Income Families must also satisfy 24 CFR §92.252.

Section 6.7. Income Determination

- a. The determination of whether the Annual Income of a family or individual occupying or seeking to occupy a Qualifying Unit complies with the requirements for Extremely Low Income Families or Very Low Income Families or Low Income Families shall be made by Development Owner prior to admission of such family or individual to occupancy in a Qualifying Unit (or to designation of a Unit occupied by such family or individual as a Qualifying Unit). Thereafter, such determinations shall be made by Development Owner at least annually.
- b. If the Annual Income of a tenant which previously was classified as Very Low Income or Extremely Low Income Families shall be determined upon reexamination to exceed the applicable income limit for Very Low Income Families, but does not exceed 80% of Area Median Income (the applicable income limit for Low Income Families), the Unit shall continue to be counted as occupied by a Qualified Tenant during such family's or individual's continuing occupancy of such Unit, and the Development Owner shall not be considered out of compliance with the occupancy requirements of Section 6.1 of this Contract, provided Development Owner shall hold the next available Unit available for occupancy by Very Low Income Families or as

otherwise may be necessary to comply with the occupancy requirements of Section 6.1 of this Contract.

- c. If the Annual Income of a tenant which previously was classified as Extremely Low Income Families, Very Low Income Families or Low Income Families shall be determined upon reexamination to exceed 80% of Area Median Income (the applicable income limit for Low Income Families), the Unit occupied by such family or individual shall continue to be counted as occupied by a Qualified Tenant during such family's or individual's continuing occupancy of such Unit and the Development Owner shall not be considered out of compliance with the occupancy requirements of Section 6.1 of this Contract, provided (A) such family or individual pays as rent thirty percent (30%) of such family's or individual's Monthly Adjusted Income, as recertified, except that tenants of Qualifying Units that have been allocated low-income housing tax credits by a housing credit agency pursuant to Section 42 of the Internal Revenue Code of 1986 (26 U.S.C. §42) (“**Section 42**”) must pay rent governed by Section 42; and (B) Development Owner shall hold the next available Unit available for occupancy by Extremely Low Income Families, Low Income Families or Very Low Income Families, whichever is necessary to comply with the occupancy requirements of Section 6.1 of this Contract.
- d. If the initial determination made in Section 6.7(a) of this Contract results in such family or individual exceeding the applicable income limit, such family or individual shall not be considered a Qualified Tenant.
- e. Development Owner shall be responsible for determination of the Annual Income and family composition of Qualified Tenants at initial occupancy of a Unit, and for reexamination of Annual Income and family composition of Qualified Tenants at least annually, based on information collected, verified and certified by Development Owner, in accordance with procedures set forth in 10 TAC §10.611 or as otherwise required by the Department.
- f. As a condition of admission to occupancy of a Qualifying Unit, Development Owner shall require the head of household and other such household members as it designates to execute a Department approved release and consent authorizing any depository or private source of income, or any Federal, State or local agency, to furnish or release to Development Owner and to the Department such information as Development Owner or Department determines to be necessary. Information or documentation shall be determined to be necessary if it is required for purposes of determining or auditing a household's eligibility as a Qualified Tenant, or for verifying related information. The use or disclosure of information obtained from a household or from another source pursuant to this release and consent shall be limited to purposes directly connected with administration of this Contract.
- g. Development Owner shall not be deemed to be in violation of this Section 6.7 of the Contract if, in determining Annual Income and family composition of a Qualified Tenant, (i) Development Owner has relied in good faith upon information which is supplied to Development Owner by the tenant, (ii) Development Owner has no reason to believe such information is false, and (iii) Development

Owner complied with all requirements of the Department with respect to verification of household income and family composition.

- h. ■[OPTIONAL FOR OCCUPIED REHAB]: Anything to the contrary notwithstanding, Development Owner will not terminate the occupancy of any Low Income Families in occupancy on the effective date hereof that are not a Qualified Tenant for purposes of meeting the requirements of Section 6.1 of this Contract. In the event that Development Owner is unable to comply with the occupancy requirements of Section 6.1 because of the occupancy as of the effective date hereof of any Units by tenants who are not Extremely Low Income Families, Very Low Income Families or Low Income Families, or who have not been determined to be a Qualified Tenant, Development Owner will be in compliance with this Section 6.7 of the Contract if each Unit which thereafter becomes vacant is occupied or held available for occupancy by Extremely Low Income Families, Very Low Income Families or Low Income Families as the case may be, in accordance with the requirements of Subsection (b) of this Section 6.7 of the Contract until the low income occupancy requirements of Section 6.1 are met.]
OR [Not applicable.]

Section 6.8. Lease Provisions

- a. All tenant leases entered into with Qualified Tenants during the Affordability Period or Contract Period, whichever period is longer, shall be in writing and contain provisions wherein each individual tenant (i) certifies the accuracy of the information provided in connection with the examination or reexamination of Annual Income of the household of such lessee, and in connection therewith, agrees to execute an Income Certification form prescribed by the Department, and (ii) agrees that the Annual Income and other eligibility requirements shall be deemed substantial and material obligations of his or her tenancy, that he or she will comply promptly with all requests for information with respect thereto from Development Owner or the Department, and that his or her failure to provide accurate information regarding such requirements (regardless of whether such inaccuracy is intentional or unintentional) or refusal to comply with a request for information with respect thereto shall be deemed a violation of a substantial obligation of his or her tenancy and constitute cause for immediate termination thereof. All tenant leases entered into with Qualified Tenants during the Affordability Period shall also contain provisions which are consistent with 10 TAC §10.613 and the Uniform Multifamily Rules, including, without limitation, the rent restrictions provided herein and allowing for necessary increases in rent pursuant to Section 6.7(c) and (d) herein. All tenant leases entered into with Qualified Tenants during the Affordability Period shall not contain provisions prohibited by 24 CFR §92.253.
- b. Lease terms must be for one year unless mutually agreed upon by the Development Owner and the tenant. Development Owner may not terminate the tenancy or refuse to renew the lease of a tenant except for serious or repeated violations of the terms and conditions of the lease, for violation of applicable federal state or local law; for completion of the tenancy period for transitional housing or for other good cause. To terminate or refuse to renew tenancy, Development Owner must serve written notice upon the tenant specifying the grounds for the action at least thirty (30) days before the termination or nonrenewal.

Section 6.9. Certification by Development Owner

During the Contract Period, Development Owner shall, at least annually, or as the Department may otherwise approve, submit to the Department in a form prescribed by the Department, a certificate of continuing compliance with all occupancy standards, terms, and provisions of this Contract and a report on the financial condition of the Development. The certification will also include statistical data relating to persons with special needs, race, ethnicity, income and fair housing opportunities and other information requested by the Department including reports required by Title 10, Part 1, Chapter 10, Subchapters E and F of the Texas Administrative Code and Title 10, Part 1, Chapter 1, Subchapter B of the Texas Administrative Code (“**Accessibility and Reasonable Accommodations**”).

Section 6.10. Match Units for Federal Programs

- a. **Match.** ■ **[OPTIONAL:** Development Owner understands and agrees that the Qualifying Units are not eligible for the Development Owner or other entity to claim as Match under 24 CFR Part 92. However, the Department may elect to claim the Qualifying Units as HOME-Match Eligible Unit under 24 CFR Part 92. **]** **OR [Not applicable.]**
- b. **Amount of Match Funds Required.** ■ **[OPTIONAL:** The amount of Match required under this Contract is \$ _____ (the “**Amount of Match Funds Required**”). The actual amount of Match contributed may exceed the Amount of Match Funds Required. **]** **OR [Not applicable.]**

Section 6.11. Additional Use and Amenities Requirements

During the Affordability Period or Contract Period, whichever period is longer, Development Owner agrees that the Property will have the amenities specified in, and as certified by the execution of, the “Additional Use Requirements; Amenities Requirements” attached hereto as Addendum B and incorporated herein for all relevant purposes.

Section 6.12. Written Policies and Procedures

Development Owners shall maintain written documentation of policies and procedures required by Section 10.610 of the Uniform Multifamily Rules. Said policies and related documentation must be made available in the leasing office or wherever applications are taken.

Section 6.13. Tenant File Requirements

At initial occupancy and periodically thereafter throughout the Affordability Period, Development Owner must create and maintain a file that, at a minimum, contains tenant file information, leases and certifications required under and in accordance with Section 10.612 of the Uniform Multifamily Rules.

SECTION VII. REPRESENTATION AND WARRANTIES

Section 7.1 Department's Representations

- a. It is expressly understood and agreed by the Parties hereto that Department's obligations hereunder are contingent upon the full and satisfactory performance by Development Owner of the activities herein described and the actual receipt by Department of adequate federal funds to meet Department's liabilities under this Contract. If adequate funds are not available to make payments under this Contract, Department shall notify Development Owner in writing within a

reasonable time after such fact is determined. In that event, this Contract shall terminate and neither Party shall have any further rights or obligations hereunder;

- b. Funds provided under this Contract may not be used for payment of prohibited activities and costs and Department shall not be obligated to pay Development Owner for any prohibited costs incurred by Development Owner, as set forth in 24 CFR §§92.205-92.214, as federally required or identified in the NOFA, including but not limited to costs listed under Section 13.3(e) of the Multifamily Direct Loan Rule and any future rulings or determinations of HUD;
- c. Department shall not be obligated to pay to Development Owner for any costs incurred by Development Owner or for any performances rendered by Development Owner which are not strictly in accordance with the terms of the Contract, including the terms of this Contract and the exhibits attached hereto and incorporated herein for all relevant purposes; and
- d. With the exception of authorized pre-award costs referenced below, the Department shall not be obligated to pay for costs incurred or performances rendered by Development Owner before the Effective Date of this Contract or after the Development Period and shall further not be obligated to pay for any costs incurred within the Development Period and not billed to Department within sixty (60) days after the Development Period unless otherwise agreed in writing. Department authorized pre-award costs for predevelopment costs, including but not limited to legal, architectural, engineering, appraisal, surveying, environmental, and market study fees, may be paid if incurred not more than 24 months before the Effective Date of this Contract if the costs are in accordance with the TCAP RF Program requirements and at the sole discretion of the Department.

Section 7.2 Development Owner's Representations

- a. Department is relying on the accuracy of all information, representations and documents submitted by Development Owner in connection with its Application in issuing a commitment of funds under this Contract. By execution and acceptance of this Contract, Development Owner agrees to perform all activities in accordance with the provisions herein including the certifications provided herein and attached hereto as exhibits, all such exhibits incorporated herein for all relevant purposes, the assurances, certifications, and all other statements made by Development Owner in its Application. Development Owner represents and warrants to Department that there has been no material adverse change to Development Owner's financial status or any change in Development Owner's organizational structure, including the makeup of Development Owner's board of directors, if any. DEPARTMENT MAY TERMINATE THIS CONTRACT IF ANY INFORMATION RELATIVE TO THIS TRANSACTION HAS BEEN OR IS MISREPRESENTED BY DEVELOPMENT OWNER. Department may also terminate this Contract if there is any adverse change with respect to Development Owner's representations in the Application or with respect to the Property. If Development Owner or Department is unable or unwilling to comply with any law, state or federal, or any governmental regulations which affect this transaction, then this Contract shall terminate. The Department, in its sole discretion, may terminate this Contract for any failure of the Development Owner to comply with any terms within this Contract.

- b. Development Owner represents and warrants Department that Development Owner possesses the legal authority to enter into this Contract, to receive funds authorized by this Contract, and to perform the services Development Owner has obligated itself to perform under this Contract.
- c. Development Owner does hereby represent and warrant that the person(s) signing and executing this Contract on behalf of Development Owner is duly authorized by Development Owner to execute this Contract on behalf of Development Owner and to validly and legally bind Development Owner to all the terms, performances, and provisions of this Contract.
- d. Development Owner does hereby represent and warrant that neither the Development Owner nor any of its principals are presently debarred, suspended, proposed for debarment, suspension, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency.
- e. Development Owner shall not employ, award contracts to, or fund any person that has been debarred, suspended, proposed for debarment, or placed on ineligibility status by HUD and/or the Department. In addition, Department shall have the right to suspend or terminate this Contract if Development Owner is debarred, suspended, proposed for debarment under 48 CFR Part 9, or is otherwise ineligible from participating in the TCAP RF Program by HUD or the Department. Development Owner acknowledges and agrees that this Section 7.2 of the Contract specifically includes, but is not limited to, consultants hired by Development Owner to assist Development Owner in any aspect relative to the activities of this Contract.

Section 7.3 No Conflict or Contractual Violation

To the best of Development Owner's knowledge, the execution and acceptance of this Contract and Development Owner's obligations hereunder:

- a. will not violate any contractual covenants or restrictions (A) between Development Owner or any third party or (B) affecting the Property;
- b. if Development Owner is other than an individual, will not conflict with any of the instruments that create or establish Development Owner's authority;
- c. will not conflict with any applicable public or private restrictions;
- d. do not require any consent or approval of any public or private authority which has not already been obtained; and
- e. are not threatened with invalidity or unenforceability by any action, proceeding or investigation pending or threatened, by or against (A) Development Owner, without regard to capacity, (B) any person with whom Development Owner may be jointly or severally liable, or (C) the Property or any part thereof

Section 7.4 Prior Warranties, Representations, and Certifications

All warranties, representations and certifications made and all information and materials submitted or caused to be submitted to the Department in connection with the Development are true and correct, and there have been no material changes in or conditions affecting any of such warranties, representations, certifications, materials or information prior to the effective date hereof.

Section 7.5 Reserve Account

Development Owner covenants that the deposits to the Reserve Account required under Section 8.8 of this Contract, if applicable, and the repairs and maintenance of the Development required under Section 8.9 of this Contract, if applicable, fulfill and comply with the requirement of Section 2306.186 of the State Act and the implementing regulations (10 TAC §10.404). This Section 7.5 of the Contract does not apply to a Development for which a Development Owner is required to maintain a reserve account under any other provision of federal or state law.

Section 7.6 Conflict of Interest

No owner, developer or sponsor of TCAP RF Program assisted housing, including their officers, employees, agents, consultants or elected or appointed officials may occupy a Qualifying Unit in a development with the exceptions of an individual living in a TCAP RF Program assisted rental housing development where he/she is a project manager or a maintenance worker in that development where all the Units are Qualifying Units.

Section 7.7 Political Aid and Legislative Influence Prohibited

- a. None of the funds provided under this Contract shall be used for influencing the outcome of any election, or the passage or defeat of any legislative measure. This prohibition shall not be construed to prevent any state official or employee from furnishing to any member of its governing body upon request, or to any other local or state official or employee or to any citizen information in the hands of the employee or official not considered under law to be confidential information.
- b. No funds provided under this Contract may be used directly or indirectly to fund or support candidates for the legislative, executive, or judicial branches of government of the State of Texas or the government of the United States.
- c. None of the funds provided under this Contract shall be used to pay any person or organization for influencing or attempting to influence an officer or employee of any agency, a member of Congress, officer or employee of Congress, or an employee of a member of Congress in connection with obtaining any Federal contract, grant or any other award governed by the Byrd Anti-Lobbying Amendment (31 U.S.C. §1352) as the Development Owner and each of its tiers have certified by their execution of the “Certification Regarding Lobbying for Contracts, Grants, Loans, and Cooperative Agreements” attached hereto as Addendum A and incorporated herein for all relevant purposes.

Section 7.8 Certification Regarding Certain Disaster Relief Contracts

The Department may not award a contract that includes proposed financial participation by a person who, during the five-year period preceding the Effective dDate of this Contract, has been convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459 of the Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005. By executing this Contract, the Development Owner hereby certifies that: **Under Section 2261.053 of the State Act, Development Owner certifies that the individual or business entity named in this Contract is not ineligible to receive the specified Contract and acknowledges that this Contract may be terminated and payment withheld if this certification is inaccurate.**

Section 7.9 Certification Regarding Undocumented Workers

Pursuant to Chapter 2264 of the State Act, by execution of the Contract, Development Owner hereby certifies that the Development Owner, or a branch, division or department of Development Owner does not and will not knowingly employ an undocumented worker, where “undocumented worker” means an individual who, at the time of employment, is not lawfully admitted for permanent residence to the United States or authorized under law to be employed in that manner in the United States. If, after receiving a public subsidy, Development Owner, or a branch, division, or department of Development Owner is convicted of a violation under 8 U.S.C. §1324a(f), Development Owner shall repay the amount of the public subsidy with interest, at the rate of 5% per annum, not later than the 120th day after the date Department notifies Development Owner of the violation.

Section 7.10 Limitation on Abortion Funding

Pursuant to Section 6.25 of Article IX of SB 1, 85th Legislature, Regular Session (2017) (“General Appropriations Act”), to the extent allowed by federal and state law, money appropriated by the General Appropriations Act for state fiscal year 2018 and 2019 may not be distributed to any individual or entity that, during the period for which funds under this General Appropriations Act are appropriated:

- a. Performs an abortion procedure that is not reimbursable under the State’s Medicaid program;
- b. Is commonly owned, managed, or controlled by an entity that performs an abortion procedure that is not reimbursable under the State’s Medicaid program; or
- c. Is a franchise or affiliate of an entity that performs an abortion procedure that is not reimbursable under the State’s Medicaid program. This limitation on funding does not apply to a hospital licensed under Chapter 241 of the Health & Safety Code, a State hospital, a State-owned teaching hospital, a teaching hospital, a residency program accredited for medical education, or an office exempt under Section 254.004(2) of the Health and Safety Code.

By execution of this Contract, the Development Owner certifies that the individual or business entity named in this Contract, as a condition of receipt of any appropriated funds, is not ineligible to receive funds appropriated under the General Appropriations Act, and that it will not utilize appropriated funds

in any way contrary to this Section 7.10 during the Contract Period. Development Owner further acknowledges that this Contract may be terminated and payment withheld if this certification is inaccurate.

SECTION VIII. CONSTRUCTION REQUIREMENTS, SCHEDULE & INSPECTION

Section 8.1 Commencement of Construction

Construction must commence within three (3) months of the Effective Date of this Contract in accordance with Section 13.11(e) of the Multifamily Direct Loan Rule. At the sole discretion of Department, if Development Owner has not commenced construction within twelve (12) months from the Effective Date of this Contract, this Contract may be terminated and any disbursed funds must be repaid. Development Owner may petition the Department's Board to have the Contract reinstated in accordance with Staff Appeals Process under 10 TAC §1.7 and the Appeals Process (Sections 2306.0321 and 2306.6715 of the State Act) under 10 TAC §10.902.

Section 8.2 Payment and Performance Bonds

If the Loan has a first lien position and is for new construction and/or Rehabilitation, assurance of completion of the Development in the form of payment and performance bonds in the full amount of the construction contract or equivalent guarantee in the sole determination of the Department will be required. Such assurance of completion will run to the Department as obligee and must be documented prior to closing. Development Owners utilizing the U. S. Department of Agriculture (USDA) Rural Rental Housing Loans (Section 515) Program are exempt from this requirement but must meet the alternative requirements set forth by USDA.

Section 8.3 Construction Standards

Each Unit must, at a minimum, meet or exceed the requirements of the Texas Property Code relating to security devices and other applicable requirements for residential tenancies and will adhere to local building codes, or if no local building codes are in place then to the most recent version of the International Building Code, and all other required property standards in accordance with the Uniform Multifamily Rules. The Property must also meet the design and construction requirements at 24 CFR §100.205, which implements the Fair Housing Act and the Accessibility standards as outlined in Section 6.2 of this Contract. If the Property triggers the rehabilitation requirements, the Property must meet all applicable state and local codes, ordinances, and standards, the 2012 International Existing Building Code ("IEBC"), and the requirements under 10 TAC §10.621 and 10 TAC §13.9. If a Property is reconstructed or newly constructed, Development Owner must also ensure compliance with the energy efficiency standards established by Section 2306.187 of the State Act, energy standards as verified by a RESCHECK certification, as well as the International Residential Codes, as required by Subchapter G, Chapter 214, of the Texas Local Government Code.

Section 8.4 Right of Inspection and Access

Department representatives, agents, and contractors shall have the right to review the plans and specifications and to inspect the Improvements periodically during and after construction. Subject to the rights of tenants under residential leases, Development Owner will permit the Department, its agents, employees and representatives, and any interested Governmental Authority, during business hours, to enter

upon and inspect the Development and all materials to be used in the ■ [Rehabilitation] [construction] thereof and to examine and copy all of Development Owner's books, records, contracts and bills pertaining to the Development. Development Owner will also cooperate and cause all Contractors to cooperate with the Department and its agents, employees and representatives during such inspections; provided, however, nothing herein shall be deemed to impose upon the Department any duty or obligation to undertake such inspections or any liability for the failure to detect or failure to act with respect to any defect which was or might have been disclosed by such inspections

Section 8.5 Inspections

Development Owner shall be required to adhere to all of the following notice and inspection requirements.

- a. Draw Inspection Contractor. Development Owner or lender (if other than Department), shall retain the services of a third-party licensed architect or engineer to perform construction progress inspections, approve the percentage of work completed in accordance with the plans and specifications, and certify as to the corresponding dollar amount of the Contractor's application and certificate for payment under the terms of the Loan.
- b. Mid-Construction Inspection. The Development Owner must have a mid-construction development inspection performed to confirm that work is being done in accordance with the applicable codes, the construction contract and the construction documents. A mid-construction development inspection request must be sent to the Department once the Development has met or exceeded twenty-five percent (25%) construction completion in accordance with Section 13.11(g) of the Multifamily Direct Loan Rule.
- c. Final Inspection and Clearance. The Development Owner must have a Final Development Inspection performed after construction completion. The Final Development Inspection request must be sent to the Department within eighteen (18) months of the Loan Closing Date. Evidence of construction completion must be submitted within thirty (30) days of completion and shall be provided in a format prescribed by the Department to the Compliance Division. The clearance of deficiencies identified in the final inspection letter is required for Developments not layered with Housing Tax Credits in order to release the final draw for TCAP RF funds. The Closed Final Development Inspection Letter, including that all deficiencies identified in the final inspection letter have been corrected, must be received within twenty-four (24) months of the Loan Closing Date. Extensions of any of the above time periods may only be made for good cause and approved by the Department if commencement of construction was timely.

Section 8.6 Site Inspection/Monitoring

The Loan is subject to a satisfactory inspection of the Property by the Department. Department reserves the right, from time to time, to carry out field inspections and desk reviews to ensure compliance with the requirements of the Loan Documents. After each monitoring visit, Department shall provide Development Owner with a written report of monitor's findings. If the monitoring reports note deficiencies in Development Owner's performance under the terms of any of the Loan Documents, the monitoring report shall include requirements for the timely correction of such deficiencies by Development Owner. Failure by Development Owner to take the action specified in the monitoring

report may be considered an event of default under this Contract and the Loan Documents and may be cause for suspension, termination, or repayment of the funds under this Contract.

Section 8.7 Construction Completion

- a. Construction Completion. Construction Completion of the Development must be completed, as evidenced by the Development's certificate(s) of occupancy and Certificate of Substantial Completion (AIA Form G704), by the end of the eighteen (18) month Development Period, but in no event later than ~~thirty~~twenty-four (2430) months of the Loan Closing Date.
- b. Termination of Contract and Repayment of TCAP-RF Funds. Pursuant to 10 TAC §13.11(m), failure to complete construction of the Property within four (4) years of the Effective Date of this Contract may be considered a default under the Loan and termination of this Contract, and may result in the Development Owner having to repay any TCAP-RF Funds loaned to Development Owner or invested in the Property by the Department.

Section 8.8 Reserve Accounts for Repairs

Development Owner shall create a reserve for any necessary repairs for the Property by depositing (1) not less than \$250.00 per Unit per year for newly constructed Units, or (2) the greater of the amount per Unit per year either established by the information presented in a Property Condition Assessment ("PCA") in conformance with Chapter 10, Part 1, Title 10, Subchapter D of the Texas Administrative Code (relating to Underwriting and Loan Policy) or \$300.00 per Unit for Units that are for, Rehabilitation or Adaptive Reuse, beginning on the date that occupancy of the Property stabilizes or the date that permanent financing for the Property is completely in place, whichever occurs later, in an account in a federally insured bank or savings and shall continue making deposits until the end of the Affordability Period or Contract Period, whichever period is longer, or the Property ceases to be used as multifamily rental property. If the Department is the subordinate lender and said reserve account is not required by the first lien lender, Development Owner shall set aside the repair reserve amount as a reserve for capital improvements for each Unit in the Development. This requirement and condition to create a reserve account for repairs is statutorily required and cannot be waived unless Development Owner is required to maintain a reserve account under any other provisions of Federal or State law.

Section 8.9 Third Party Physical Needs Assessment

Beginning with the eleventh (11th) year after the Effective dDate of this Contract, Development Owner shall contract for a third-party physical needs assessment, specifically a Property Condition Assessment ("PCA") in accordance with 10 TAC §10.205(3) and 10 TAC §10.306, at appropriate intervals that are consistent with the first lien lender requirements. If the Department is the first lien lender or said third-party physical needs assessment/ PCA is not required by the first lien lender, Development Owner shall contract with a third party to conduct a physical needs assessment at least once during each five-year period beginning the eleventh (11th) year after the Effective dDate of this Contract. Development Owner shall submit the third-party needs assessment to the Department as well as any response to the assessment, and repairs made in response, and information on any necessary changes to the required reserve based on the assessment within 30 days of completion of the Property Condition Assessment ("PCA"), as such term is defined in the State Multifamily Rules. The Department may complete the necessary repairs if Development Owner fails to do so and Development Owner shall pay for those

repairs directly or through a reserve account. If the Department is notified of health and safety violations in the report, the Department may complete the repairs and pay for them through a reserve account. This requirement to contract with a third party to conduct a physical needs assessment is statutorily required and cannot be waived. The Department shall assess administrative penalties for Development Owner's failure to conduct the inspection, to make the identified repairs, or to otherwise comply with this Section 8.9 of the Contract in an amount computed by multiplying \$200 by the number of dwelling Units payable to the Department. The Office of the Texas Attorney General may assist in the enforcement of this section and the collection of any administrative penalties assessed hereunder.

Section 8.10 Disaster Mitigation

Pursuant to 24 CFR §92.251(a)(2)(iii), the Development Owner must ensure that this Property will be constructed to mitigate the impact of potential disasters such as earthquakes, hurricanes, flooding and wildfires, in accordance with State and local codes, ordinances, or other State and local requirements, or such other requirements as HUD may establish.

Section 8.11 Disbursement of Funds

Development Owner must comply with the requirements under Section 13.11(q) of the Multifamily Direct Loan Rule for a request for disbursement of TCAP RF Funds, including Developer Fee as defined in Section 10.3(35) of the Uniform Multifamily Rules, to reimburse eligible cost incurred.

SECTION IX. RECORDS AND REPORTING

Section 9.1 Records

Development Owner must establish and maintain sufficient records required under Section 10.608 of the Uniform Multifamily Rules, as determined by the Department. Development Owner agrees that the Department, the Comptroller General of the United States, or any of their duly authorized representatives, shall have the right to access and to examine all books, accounts, records, reports, files, and other papers or property belonging to or in use by Development Owner pertaining to this Contract. All records pertinent to this Contract shall be retained by Development Owner for a period of five (5) years following the close-out of the Department's program funding year in accordance with 10 TAC §1.409, with the following exceptions:

- a. If any litigation, claim, negotiation, audit, monitoring, inspection or other action has started before the expiration of the required record retention period, records must be retained until completion of the action and resolution of all issues which arise from it, or until the end of the required period, whichever is later.
- b. For rental housing developments, records must be retained for five (5) years after the development completion date; except that records of individual tenant income certifications, development rents and development inspections must be retained for the most recent five (5) year period after the tenant moves out, until five (5) years after the Affordability Period terminates.

Section 9.2 Reporting Requirements

- a. Development Owner shall submit to Department reports required under Sections 10.205 and 10.607 of the Uniform Multifamily Rules and such other reports on the operation and performance of this Contract as may be required by Department, including but not limited to the reports specified in this Section 9.2 of the Contract.
- b. In addition to the limitations on liability otherwise specified in this Contract, it is expressly understood and agreed by the Parties hereto that if Development Owner fails to submit to the Department in a timely and satisfactory manner any report required by this Contract, the Department may, at its sole option and in its sole discretion, withhold any or all disbursements otherwise due or requested by Development Owner hereunder. If Department withholds such disbursements, it shall notify Development Owner in writing of its decision, the reasons for this action and the time period in which Development Owner must bring itself into compliance. Disbursements withheld pursuant to this paragraph may be held by Department until such time as the Development Owner is in compliance with the requirements for which funds are being withheld. If Development Owner fails to perform as required within the stated cure period, Department may terminate this Contract and Development Owner hereby agrees and acknowledges that upon termination, Development Owner's rights to any funds shall be terminated.
- c. In addition to other reports, the Development Owner shall provide reports to Department regarding program activities to evidence progress of performance in accordance with the requirements of the State Act, the Uniform Multifamily Rules and this Contract.

Section 9.3. Reports

Development Owner shall deliver to the Department:

- a. In accordance with Sections 10.402(h) and 10.607(f) of the Uniform Multifamily Rules, within ten (10) days after the last day of each quarter in each fiscal year of Development Owner, or as requested by the Department, a Construction Status Report or Unit Status Report, as applicable. The Department may require electronic submission of the Construction Status Report and/or Unit Status Report.
- b. From time to time and promptly upon each request, such Project Documents including data, certificates, reports, statements, documents, or further information regarding the assets or the business, liabilities, financial position, projections, results of operations, or business prospects of Development Owner or such other matters concerning Development Owner's compliance with the laws and regulations of the TCAP RF Program as the Department may reasonably request during the Affordability Period or as necessary to assist the Department in meeting its recordkeeping and reporting requirements under the State Multifamily Rules during the Affordability Period, including, without limitation, the following:

1. Records that demonstrate that the Development meets the Property Standards set out in 24 CFR §92.251;
2. Records that demonstrate that the Development meets the requirements set out in 24 CFR §92.252 for the Contract Period;
3. Records that demonstrate compliance with the requirements of 24 CFR §92.253 for tenant protections;
4. Records that indicate whether the Development is mixed-income, mixed-use, or both.
5. Other federal requirements records:
 - (i) Equal opportunity and fair housing records containing:
 - (A) Data on the extent to which each racial and ethnic group and single-headed households (by gender of household head) have applied for, participated in, or benefited from, any program or activity funded in whole or in part with TCAP RF funds.
 - (B) Documentation of the actions the Development Owner has taken to affirmatively further fair housing.

Section 9.4. Information and Reports Regarding the Development

Development Owner shall deliver to the Department, at any time within thirty (30) days after notice and demand by the Department but not more frequently than once per month, (a) a statement in such reasonable detail as the Department may request, certified by Development Owner, of the leases relating to the Development, and (b) a statement in such reasonable detail as the Department may request, certified by a certified public accountant or, at the option of the Department, by the Development Owner, of the income from and expenses of any one or more of the following: (i) the conduct of any business on the Development, (ii) the operation of the Development, or (iii) the leasing of the Development or any part thereof, for the last twelve (12) month calendar period prior to the giving of such notice, and, on demand, Development Owner shall furnish to the Department executed counterparts of any such tenant leases and any other contracts and agreements pertaining to facilities located on the Property or which otherwise generate ancillary income for the Development, for the audit and verification of any such statement.

Section 9.5. Other Information

Development Owner shall deliver to the Department, at any time within thirty (30) days after notice and demand by the Department, any information or reports required by the laws of the State of Texas or as otherwise reasonably required by the Department.

Section 9.6. Maintenance of Documents

All Project Documents and any other report or records which Development Owner is required to prepare and/or provide to the Department pursuant to this Contract, the NOFA, the State Act and the Uniform Multifamily Rules must be retained for five (5) years after the end of the Affordability Period, or as otherwise specified by law or required by the Department including but not limited to as described in Section 9.1. All Project Documents shall at all times be kept separate and identifiable from any other business of Development Owner which is unrelated to the Property, and shall be maintained in compliance with this Contract, the NOFA, the State Act, the Uniform Multifamily Rules and any other requirements of the Department, in a reasonable condition for proper audit and subject to examination and photocopying during business hours by representatives of the Department, HUD, or the United States Comptroller General. Development Owner agrees and acknowledges that any and all of the Project Documents are confidential in nature. Development Owner agrees not to disclose the Project Documents or any of the terms, provisions or conditions thereof, or any other information that is deemed confidential under federal law or state law related to tenants' or applicants' income, social security number, employment status, disability, or other related matters to any party outside of Development Owner's organization or to Development Owner's management company for the Development, except as otherwise expressly required in this Contract, or by the NOFA, the State Act or the Uniform Multifamily Rules. Development Owner further agrees that within its organization, the Project Documents and other confidential information will be disclosed and exhibited only to those persons within Development Owner's organization whose position and responsibilities make such disclosure necessary.

Section 9.7 Public Information

Pursuant to Section 2306.6717 of the State Act, Development Owner acknowledges that Department is subject to the Texas Public Information Act under Chapter 552 of the Texas Government Code and Development Owner agrees that funds received from the Department are subject to the Texas Public Information Act and the exceptions to disclosure as provided under the Texas Public Information Act.

SECTION X. COMPLIANCE MONITORING; AUDITS

Section 10.1. Compliance Review

During the Contract Period, Development Owner agrees to permit the Department and HUD, or its designated representative, access to the Property for the purpose of performing Department Compliance Monitoring Procedures in accordance with Subchapter F of the Uniform Multifamily Rules. The Department periodically will monitor and audit Development Owner's compliance with the requirements of this Contract, the requirements for Reserve Account under 10 TAC§10.404, and any and all other Governmental Requirements, in accordance with Department Compliance Monitoring Procedures during the Affordability Period. The Department will continue to periodically monitor and audit Development Owner's compliance with the requirements of this Contract, and the requirements for Reserve Account under 10 TAC§10.404, and any and all other Governmental requirements, in accordance with Department Compliance Monitoring Procedures during the Contract Period. In conducting its compliance review, the Department and HUD will rely primarily on information obtained from the Development Owner's records and reports, findings from onsite monitoring in accordance with 10 TAC§10.618, and audit reports. The Department and HUD may also consider relevant information gained from other sources, including litigation and citizen complaints. In accordance with Section 2306.231 of the State Act, Development Owner shall reimburse the Department or HUD, as appropriate, on demand for their respective costs

incurred in connection with monitoring, auditing, inspecting and examining the Development Owner's compliance with the requirements of this Contract.

Section 10.2 Audits

- a. Development Owner shall submit to Department, within ninety (90) days after the end of each fiscal year, an Audit Certification Form as specified by Department for each fiscal year in which any months of the Development Owner's fiscal year overlaps a month of the Contract Period. Unless otherwise directed by Department, Development Owner shall arrange for the performance of an annual financial and compliance audit of funds received and performances rendered under this Contract, subject to the following conditions and limitations:
 1. Development Owner shall have an audit conducted in accordance with 2 CFR Part 200, Subpart F ; for any of its fiscal years included within the Contract Period specified in Section II of this Contract in which Development Owner has expenses of more than \$500,000 or 750,000, as applicable, in federal financial assistance provided by a federal agency or a pass through entity in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance or direct appropriations, but does not include direct federal cash assistance to individuals. The term "federal financial assistance" includes awards of financial assistance received directly from federal agencies, or indirectly through other units of State and local government.
 2. The audit required by this Section 10 of the Contract must cover Development Owner's entire operations and each department, agency, related entity, or establishment of Development Owner which received, expended, or otherwise administered federal funds.
 3. Development Owner must follow the process in 10 TAC §1.403.
- b. If the Development Owner is not subject to a single audit, Department reserves the right to conduct an annual financial and compliance audit of funds received and performances rendered under this Contract. Development Owner agrees to permit Department, or its authorized representative, to audit Development Owner's records and to obtain any documents, materials, or information necessary to facilitate such audit.
- c. Development Owner understands and agrees that it shall be liable to Department for any costs disallowed pursuant to financial and compliance audit(s) of funds received under this Contract. Development Owner further understands and agrees that reimbursement to Department of such disallowed costs shall be paid by Development Owner from funds which were not provided or otherwise made available to Development Owner under this Contract.
- d. Development Owner shall take all necessary actions to facilitate the performance of such audit or audits conducted pursuant to this Section 10 of the Contract as Department may require of Development Owner.
- e. All approved TCAP audit reports shall be made available for public inspection within thirty (30) days after completion of the audit.

SECTION XI. DEFAULT, ENFORCEMENT AND REMEDIES

Section 11.1. Events of Default

Occurrence of one or more of the following events will, at the sole election of the Department, constitute an event of default ("**Event of Default**") under this Contract:

- a. Breach of Contract. If Development Owner defaults in the performance of any of its obligations under this Contract or breaches any covenant, agreement, restriction, representation or warranty set forth herein, and such default remains uncured for a period of thirty (30) days after notice thereof shall have been given by the Department (or for an extended period approved by the Department if the default or breach stated in such notice can be corrected, but not within such 30-day period, unless Development Owner does not commence such correction or commences such correction within such 30-day period but thereafter does not diligently pursue the same to completion within such extended period).
- b. Bankruptcy. If Development Owner is adjudged bankrupt or insolvent, or a petition or proceeding for bankruptcy or for reorganization shall be filed against it and it shall admit the material allegations thereof, or an order, judgment or decree shall be entered approving such petition and such order, judgment or decree shall not be vacated or stayed within sixty (60) days of its entry or a receiver or trustee shall be appointed for the Development Owner or the Property, Land or any part thereof and remain in possession thereof for sixty (60) days.
- c. Transfer or Sale of Property. If Development Owner sells or otherwise transfers the Property, in whole or in part (except leases of individual Units for a period not to exceed two (2) years and otherwise in accordance with this Contract and Loan Documents), without the prior written consent of Department.
- d. False Representations. If any representation, statement or warranty made by Development Owner or others in, under or pursuant to any of the Loan Documents or any affidavit or other instrument executed in connection with the Loan Documents is false or misleading in any material respect as of the date hereof or shall become so at any time prior to the repayment in full of the Loan.
- e. Destruction or Loss of Property.
 - 1. If the Property is demolished, destroyed or substantially damaged so that (in Department's judgment) it cannot be restored or rebuilt with available funds to the condition existing immediately prior to such demolition, destruction or damage within a reasonable period of time; or
 - 2. Development Owner fails to notify Department of the occurrence of any casualty loss of the Property within 30 days from the occurrence; or
 - 3. Development Owner fails to restore Property or replace Property with similar items due to casualty within a time period approved by Department not to exceed two (2) years.

- f. Change in Financial Condition. If the Department reasonably determines that the likelihood of payment of the Loan or performance of the obligations under the Loan Documents is threatened by reason of a material adverse change in the financial condition or credit standing of Development Owner or, if Development Owner is a partnership, joint venture, trust or other type of business association, of any of the parties comprising Development Owner, or if the estate held by Development Owner in the Land is a leasehold estate, of the ground lessor.
- g. Foreclosure of Other Liens. If the holder of any lien or security interest on the Property (without hereby implying Department's consent to the existence, placing, creating or permitting of any such lien or security interest) institutes foreclosure or other proceedings for the enforcement of its remedies thereunder.
- h. Failure to Timely Pay Loan. If Borrower fails, refuses or neglects to pay, in full, any installment or portion of the Loan as and when the same shall become due and payable, whether at the due date thereof stipulated in the Loan Documents, or at a date fixed for prepayment or otherwise, and such failure, refusal or neglect continues for a period of thirty (30) days thereafter. However, if such installment or portion of the Loan becomes due and payable as a result of Department's accelerating the maturity of the Loan in accordance with the Loan Documents, the thirty (30) day period set forth in this Section 11.1 shall not apply to the accelerated due date.
- i. Performance of Obligations. If Development Owner fails, refuses or neglects to perform and discharge fully and timely any of the obligations under this Contract or any of the Loan Documents as and when called for and such failure, refusal or neglect is either incurable or, if curable, remains uncured for a period of thirty (30) days after the earlier to occur of (i) the date Department gives written notice thereof to Development Owner or (ii) the date upon which Development Owner had actual knowledge of the obligation to be performed; provided, however, that if such default is curable but requires work to be performed, acts to be done or conditions to be remedied which, by their nature, cannot be performed, done or remedied, as the case may be, within such thirty (30) day period, no Event of Default shall be deemed to have occurred if Development Owner commences same within such thirty (30) day period and thereafter diligently and continuously prosecutes the same to completion within sixty (60) days after such notice or date of actual knowledge.
- j. Property Use, Occupancy and Rent. If the Development Owner fails to develop, use, maintain or rent the Property in accordance with the provisions and restrictions under Section VI of this Contract and as provided under the LURA.
- k. Merger. The liquidation, termination, dissolution, merger, consolidation or failure to maintain good standing in the State of Texas, and such is not cured prior to causing material harm to Development Owner's ability to repay the indebtedness under the Loan Documents or perform the contractual obligations hereunder and under the Loan Documents.
- l. Events of Noncompliance. If Development Owner is found to be in noncompliance for compliance monitoring purposes in accordance with 10 TAC§10.624.

Section 11.2. Remedies

Upon an occurrence of an Event of Default, the Department, in its sole discretion may, (i) apply to any court having jurisdiction of the subject matter for specific performance of this Contract, and/or for an injunction against any violation of this Contract, or (ii) take any action authorized under Title 10, Part 1, Chapter 10, Subchapters F and G of the Texas Administrative Code or Title 10, Part 1, Chapter 2 of the Texas Administrative Code, or (iii) take any and all action at law, in equity, or otherwise for such other relief as may be appropriate, it being acknowledged that the beneficiaries of Development Owner's obligations thereunder cannot be adequately compensated by monetary damages in the event of Development Owner's default. The Department shall be entitled to its reasonable attorneys' fees in any such judicial action in which the Department shall prevail. The Department shall also be compensated for fees associated with additional compliance monitoring during corrective periods of non-compliance upon a default by Development Owner hereunder.

Section 11.3. Cumulative and Concurrent Remedies

Each right, power and remedy of the Department provided for in this Contract now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Contract or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by the Department of any one or more of the rights, powers or remedies provided for in this Contract or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the Department of any or all such other rights, powers or remedies.

Section 11.4. Purchase Options, Rights of First Refusal, Preemptive Rights to Purchase

The Department has the option to utilize purchase options, rights of first refusal or any other preemptive rights to purchase Property in accordance with 10 TAC§10.407 in order to preserve the affordability requirements under Section VI of this Contract during the Affordability Period. Pursuant to Section 2306.185(f) of the State Act, Development Owner must provide notice to the Department at least 12 months before the date of any attempt to dispose of the Property or prepay any loan insured by HUD to enable the Department to attempt to locate a buyer who will conform to this Contract and the LURA.

SECTION XII. GENERAL PROVISIONS

Section 12.1. Independent Contractor

It is expressly understood and agreed by the Parties hereto that Department is contracting with Development Owner as an independent contractor, and that Development Owner, as such, agrees to hold Department harmless and to the extent allowed by law indemnify Department from and against any and all claims, demands, and causes of action of every kind and character which may be asserted by any third party occurring or in any way incident to, arising out of, or in connection with the services to be performed by Development Owner under this Contract.

Section 12.2. Subcontracts

- a. Development Owner shall only subcontract for performance of activities described in this Contract after Development Owner has obtained the appropriate documentation verifying the

subcontractor's eligibility, as specified by Department, for each such proposed subcontract. Development Owner, in subcontracting for any activities described in this Contract, expressly understands that in entering into such subcontracts, Department is in no way liable to Development Owner's subcontractor(s).

- b. In no event shall any provision of this Section 12.2 constitute adoption, ratification, or acceptance of Development Owner's or subcontractor's performance hereunder. Department maintains the right to insist upon Development Owner's full compliance with the terms of this Contract, and by the act of approval under this Section 12.2, Department does not waive any right of action which may exist or which may subsequently accrue to Department under this Contract.
- c. Development Owner shall comply with all applicable federal, state, and local laws, regulations, and ordinances for making procurements under this Contract.
- d. Development Owner shall include language in any subcontract that provides the Department the authority to directly review, monitor, and/or audit the operational and financial performance and/or records of work performed under this Contract by any third-party, including subcontractors, contractors and consultant or service provider.
- e. Development Owner shall include in any subcontracts that failure to adequately perform under this Contract may result in penalties up to and including debarment from performing additional work for the Department.

Section 12.3. Notices

All notices required or permitted to be given under this Contract must be in writing. Notice will be deemed effective three (3) business days after deposit in the United States mail, postage prepaid, by certified mail, return receipt requested, and properly addressed to the party to be notified. Notice given in any other manner shall be deemed effective only if and when received by the party to be notified. For the purposes of notice, the addresses of the parties shall, until changed as hereinafter provided, be as follows:

Department: Physical Address: 221 E. 11th Street, Austin, TX 78701
Mailing Address: P.O. Box 13941 Austin, Texas 78711-3941

Attention: Director of Multifamily Finance Division

with copy to: Texas Department of Housing and Community Affairs
P.O. Box 13941
Austin, Texas 78711-3941
Attention: Chief of Compliance

Development Owner:

■
■
■

Attention: ■

[with copy to: Fee Title Owner:

■

■

■

Attention: ■]

Any party may change its address for notice purposes by giving ten (10) days notice to the other parties in accordance with this Section 12.3 of the Contract.

Section 12.4 Conflicting Agreements

Development Owner has not and will not execute any other agreement with provisions contradictory to, or in opposition to, the provisions hereof, and that in any event, the requirements of this Contract are paramount and controlling as to the rights and obligations herein set forth and supersede any other requirements in conflict herewith.

Section 12.5 Amendments

- a. Except as specifically provided otherwise in this Contract or in the State Multifamily Rules, any changes, additions, or deletions to the terms of this Contract shall be in writing and executed by both Parties and shall comply with the amendment requirements of Section 10.405 of the Uniform Multifamily Rules and Sections 13.12 and 13.13 of the Multifamily Direct Loan Rule, as amended from time to time.
- b. Any changes, additions, or deletions to the terms of this Contract which are required by changes in federal or state law, or regulations, are automatically incorporated into this Contract without the requirement of a written amendment hereto, and shall become effective on the date designated by such law or regulation.

Section 12.6 Severability

If any provision of this Contract is held invalid, the remainder of the Contract shall not be affected thereby and all other parts of this Contract shall nevertheless be and remain in full force and effect and construed so as best to effectuate the intent of the parties.

Section 12.7 Counterparts and Facsimile Signatures

This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Signed signature pages may be

transmitted by facsimile or electronic transmission, and any such signature shall have the same legal effect as an original. An executed facsimile or email copy approved by the Department will be sufficient to evidence the parties' agreement to any amendment, revision, or change to this Contract if it is made on a form provided by the Department. If any party returns a copy by facsimile machine, the signing party intends the copy of its authorized signature printed by the receiving machine to be its original signature. If any party returns a copy by email, the signing party intends the copy of its authorized signature emailed to the receiving email to be its original signature.

Section 12.8 Captions

The captions used herein are for reference purposes only and shall not define, limit, extend, or describe the scope of this Contract or the intent of any provisions hereof.

Section 12.9 Number, Gender

Whenever used herein the singular shall include the plural, the plural the singular, and the use of any gender shall include all genders.

Section 12.10 Jurisdiction

This Contract is delivered and is intended to be performed in the State of Texas.

Section 12.11 Venue

For purposes of litigation pursuant to this Contract, venue shall lie in Travis County, Texas.

Section 12.12. Litigation and Claims

- a. No action, litigation, investigation or proceeding is now pending or, to the best of Development Owner's knowledge, threatened against Development Owner which, if adversely determined, could individually or in the aggregate have an adverse effect on title to or the use and enjoyment or value of the Property, or any portion thereof, or which could in any way interfere with the consummation or enforceability of this Contract.
- b. Development Owner shall give Department prompt notice, in writing, of the occurrence of any of the following events:
 - (i) any action, including any proceeding before an administrative agency, filed against Development Owner in connection with this Contract; and
 - (ii) any claim against Development Owner, the cost and expense of which Development Owner may be entitled to be reimbursed by Department.
- c. Except as otherwise directed by Department, Development Owner shall furnish promptly to Department copies of all pertinent papers received by Development Owner with respect to such action or claim.

Section 12.13 No Bankruptcy

There is not pending or, to Development Owner's best knowledge, threatened against Development Owner any case or proceeding or other action in bankruptcy, whether voluntary or otherwise, any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief for Development Owner under any federal, state or other statute, law, regulation relating to bankruptcy, insolvency or relief for debtors.

Section 12.14 Compliance with Applicable Law

This Contract is expressly subject to Development Owner's compliance to Department's satisfaction with all applicable laws, federal, state and local, and with all governmental regulations, rules and ordinances, as well as Department's program guidelines relating to the TCAP RF Program, this Loan and affecting the Development, or its use, all of which may be modified or amended from time to time. Development Owner shall not violate any federal, state, or local laws, stated herein or otherwise, nor commit any illegal activity in the performance of or associated with the performance of this Contract. No funds under this Contract shall be used for any illegal activity or activity that violates any federal, state or local laws.

Section 12.15 Assignment

This Contract is made by Department to Development Owner only. Accordingly, it is not assignable without the written consent and agreement of Department, which consent may be withheld at Department's sole discretion.

Section 12.16 Additional Terms and Conditions

- a. General. Development Owner understands and hereby acknowledges that this Contract does not address all of the terms and conditions of the Loan and that additional terms and conditions will be required by the Loan Documents to be executed at closing on the Loan Closing Date. All information, documents and reports required must be satisfactory to Department in its sole discretion. Any change which occurs after the final acceptance of the Application and subsequent award of TCAP-RF funds by the Department, and not agreed to by the Department in writing, may result in a reduction of the Loan Amount or the termination of this Contract.

- b. Credit Underwriting Report. Development Owner will be responsible for fulfilling all of the additional terms and conditions required within the Department Real Estate Analysis Credit Underwriting Report and Amended/Revised Reports attached hereto as Exhibit C, as may be amended. In the event any of the conditions listed herein cause the Development Owner to become an ineligible applicant and/or the Development to become an ineligible award, Development Owner must inform the Department, and the Department reserves the right to terminate this Contract.

- c. Specific Mitigation and Environmental Requirements. ■[Not applicable.] **OR**
■[Development Owner must provide the following specific environmental and mitigation measures:
[LIST REQUIREMENTS]

- i. *For example “Development Owner must incorporate into the design noise attenuation measures due to the proximity of the Development to the highway. This will include noise dampening construction in the wall components and a barrier wall around the outdoor recreation areas.”*
- ii. *Development Owner must....]*

Section 12.17 Time is of the Essence

Time is of the essence with respect to Development Owner's compliance with all covenants, agreements, terms and conditions of this Contract.

Section 12.18 Oral and Written Agreements

- a. All oral and written agreements between the Parties to this Contract relating to the subject matter of this Contract that were made prior to the execution of this Contract have been reduced to writing and are contained in this Contract.
- b. The attachments enumerated and denominated below are incorporated herein by reference for all purposes and are a part of this Contract and constitute promised performances under this Contract:
 1. Addendum A, Certification Regarding Lobbying for Contracts, Grants, Loans and Cooperative Agreements.
 2. Addendum B, Additional Use Requirements; Amenities Requirements.
 3. Exhibit A, Legal Description.
 4. Exhibit B, Award Letter and Loan Term Sheet (including any and all amendments).
 5. Exhibit C, Credit Underwriting Report and Amended/Revised Reports.

Section 12.19. Development Budget

The final sources and uses for the Development as evidenced in the Department’s Credit Underwriting Report and Amended/Revised Reports, as revised, updated or amended, attached hereto as Exhibit C, and incorporated herein for all relevant purposes, which may be updated, revised and amended from time to time.

Section 12.20 Alternative Dispute Resolution

In accordance with Section 2306.082 of the State Act, it is the Department’s policy to encourage the use of appropriate alternative dispute resolution procedures (“ADR”) under the Governmental Dispute Resolution Act and the Negotiated Rulemaking Act (Chapters 2009 and 2006 respectively, Texas Government Code), to assist in the fair and expeditious resolution of internal and external disputes involving the Department and the use of negotiated rulemaking procedures for the adoption of Department rules. As described in Chapter 154, Civil Practices and Remedies Code, ADR procedures include mediation. Except as prohibited by Department’s ex parte communications policy, Department

encourages informal communications between Department staff and the Administrator, to exchange information and informally resolve disputes. Department also has administrative appeals processes to fairly and expeditiously resolve disputes. If at any time the Administrator would like to engage Department in an ADR procedure, the Administrator may send a proposal to Department's Dispute Resolution Coordinator. For additional information on Department's ADR policy, see Department's Alternative Dispute Resolution and Negotiated Rulemaking at 10 TAC §1.17 and the Alternative Dispute Resolution (ADR) Policy at 10 TAC §10.904.

Section 12.21 Effective Date

The Effective Date of this Contract shall be the date identified below in the signature clause.

Section 12.22 Acceptance

This Contract is not valid until signed by Development Owner and Department. Development Owner must deliver this Contract to the Department via mail, fax, or electronic mail on or before the close of business on . If a copy of the executed Contract is not in Department's possession by such time and date, this Contract shall terminate and become null and void unless Department, in its sole discretion, shall choose to extend this date in writing but in no event shall this acceptance date be extended later than **six (6) months of the Board Approval Date** in accordance with Section 13.11(d) of the Multifamily Direct Loan Rule.

THIS CONTRACT WAS APPROVED BY THE BOARD OF DIRECTORS ON _____, 20____ (the “Board Approval Date”) AND IS NOT EFFECTIVE UNLESS SIGNED BY THE EXECUTIVE DIRECTOR OF THE TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, OR HIS/HER AUTHORIZED DESIGNEE.

WITNESS OUR HAND EFFECTIVE:

DEVELOPMENT OWNER:

_____, **ENTITY TYPE**

By: _____, **ENTITY TYPE, its**

By: _____
_____ ,

Date: _____

THIS CONTRACT IS APPROVED, ACCEPTED AND MADE EFFECTIVE ON _____, 20____ (the “Effective Date”) AND WILL TERMINATE AT THE END OF THE CONTRACT PERIOD AS DEFINED IN SECTION II OF THIS CONTRACT, ON BEHALF OF DEPARTMENT:

TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS, a public and official agency of the State of Texas

By: _____
Its duly authorized officer or representative

Date: _____

[THIS CONTRACT IS JOINED AND CONSENTED TO BY:

FEE TITLE OWNER:



By: _____

Name: _____

Title: _____

Date: _____]

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TAX CREDIT ASSISTANCE PROGRAM (TCAP) – REPAYMENT FUNDS
MULTIFAMILY DIRECT LOAN**

CONTRACT # _____

ADDENDUM A

**Certification Regarding Lobbying for
Contracts, Grants, Loans and Cooperative Agreements**

The undersigned hereby certifies, to the best of its knowledge and belief, that:

1. No federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment or modification of any Federal contract, grant, loan, or cooperative agreement.
2. If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit standard form -LLL, "Disclosure Form to Report Lobbying", in accordance with its instructions.
3. The undersigned shall require that the language of this certification be included in the award documents for all sub-awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is material representation of fact on which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Statement for Loan Guarantees and Loan Insurance

The undersigned states, to the best of its knowledge and belief, that:

If any funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this commitment providing for the United States

to insure or guarantee a loan, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions. Submission of this statement is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S. Code. Any person who fails to file the required statement shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

_____, a _____

By: _____, a _____, its

By: _____
_____, _____

Date: _____

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TAX CREDIT ASSISTANCE PROGRAM (TCAP) – REPAYMENT FUNDS
MULTIFAMILY DIRECT LOAN**

CONTRACT # _____

ADDENDUM B

Additional Use Requirements;

Amenity Requirements

The undersigned Development Owner hereby represents that the Property will have the following amenities throughout the Affordability Period. No rent or fees may be charged for any of the amenities throughout the Affordability Period. The Development Owner was awarded points based on providing specific amenity and quality features in every Unit at no extra charge to the tenant. The following section identifies the amenities elected at the time of application for which points were awarded. The amenities selected must be made available for the benefit of all tenants.

MANDATORY DEVELOPMENT AMENITIES

The Mandatory Development Amenities listed in (A) through (M) below are required for the Development unless expressly identified as not required. Additionally, the Development must meet the Construction Standards under Section 8.3 of this Contract, including the property standards identified for new construction projects in 24 CFR §92.251 and broadband infrastructure requirements under Section 4.3 of this Contract.

- (A) All Units must be wired with RG-6/U COAX or better and CAT3 phone cable or better, wired to each bedroom, dining room and living room;
- (B) Laundry Connections;
- (C) Exhaust/vent fans (vented to the outside) in the bathrooms;
- (D) Screens on all operable windows;
- (E) Disposal and Energy-Star rated dishwasher (not required for USDA; Rehabilitation developments exempt from dishwasher if one was not originally in the Unit);
- (F) Energy-Star rated refrigerator;
- (G) Oven/Range;
- (H) Blinds or window coverings for all windows;
- (I) At least one Energy-Star rated ceiling fan per Unit;
- (J) Energy-Star rated lighting in all Units which may include compact fluorescent or LED light bulbs;
- (K) Plumbing fixtures must meet performance standards of Texas Health and Safety Code, Chapter 372;
- (L) All Units must have central heating and air-conditioning (Packaged Terminal Air Conditioners meet this requirement for SRO or Efficiency Units only); and

- (M) Adequate parking spaces consistent with local code, unless there is no local code, in which case the requirement would be one and a half (1.5) spaces per Unit for non- Elderly Developments and one (1) space per Unit for Elderly Developments. The minimum number of required spaces must be available to the tenants at no cost.

The Mandatory Development Amenities listed in (A) through (M) below are required for the New Construction, Reconstruction or Adaptive Reuse Units and the Mandatory Development Amenities listed in (D) through (M) below are required for Rehabilitation (excluding Reconstruction) Developments, unless stated otherwise. Supportive Housing Developments are not required to provide the amenities Mandatory Development Amenities listed in (B), (E), (F), (G), (I), or (M) below; however, access must be provided to a comparable amenity in a common area. All the Mandatory Development Amenities listed below must be at no charge to the tenants. Tenants must be provided written notice of the applicable required amenities for the Development.

- (A) All bedrooms, the dining room and living room in Units must be wired with current cabling technology for data and phone;
- (B) Laundry connections;
- (C) Exhaust/vent fans (vented to the outside) in the bathrooms;
- (D) Screens on all operable windows;
- (E) Disposal and Energy-Star rated dishwasher (not required for USDA; Rehabilitation Developments exempt from dishwasher if one was not originally in the Unit);
- (F) Energy-Star rated refrigerator;
- (G) Oven/Range;
- (H) Blinds or window coverings for all windows;
- (I) At least one Energy-Star rated ceiling fan per Unit;
- (J) Energy-Star rated lighting in all Units which may include compact fluorescent or LED light bulbs;
- (K) Plumbing fixtures must meet performance standards of Texas Health and Safety Code, Chapter 372;
- (L) All areas of the Unit (excluding exterior storage space on an outdoor patio/balcony) must have heating and air-conditioning; and
- (M) Adequate parking spaces consistent with local code, unless there is no local code, in which case the requirement would be one and a half (1.5) spaces per Unit for non- Elderly Developments and one (1) space per Unit for Elderly Developments. The minimum number of required spaces must be available to the tenants at no cost.

]COMMON AMENITIES

Development Owner must provide a minimum of ___ total points worth of the following "Common Amenities" based on the size of the Development. The Development Owner may change, from time to time, the amenities offered; however, the overall required points must remain the same.

- (i) Full perimeter fencing that includes parking areas and all amenities (excludes guest or general public parking areas) (2 points);
- (ii) Controlled gate access (2 points);
- (iii) Gazebo or covered pavilion w/sitting area (1 point);
- (iv) Accessible walking/jogging path separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point);
- (v) Community laundry room with at least one washer and dryer for every 40 Units (3 points);
- (vi) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point);
- (vii) Swimming pool (3 points);
- (viii) Splash pad/water feature play area (1 point);
- (ix) Furnished fitness center. Equipped with fitness equipment options with at least one option per every 40 Units or partial increment of 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, sauna, stair-climber, or other similar equipment. Equipment shall be commercial use grade or quality. All Developments must have at least two equipment options but are not required to have more than five equipment options regardless of number of Units (2 points);
- (x) Equipped and functioning business center or equipped computer learning center. Must be equipped with 1 computer for every 40 Units loaded with basic programs (maximum of 5 computers needed), 1 laser printer per computer lab and at least one scanner which may be integrated with printer (2 points);
- (xi) Furnished Community room (2 points);
- (xii) Library with an accessible sitting area (separate from the community room) (1 point);
- (xiii) Enclosed community sun porch or covered community porch/patio (1 point);
- (xiv) Service coordinator office in addition to leasing offices (1 point);
- (xv) Regularly staffed service provider office in addition to leasing offices (3 points);
- (xvi) Activity Room stocked with supplies (Arts and Crafts, etc.) (2 points);
- (xvii) Health Screening Room (1 point);
- (xviii) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point);
- (xix) Horseshoe pit; putting green; shuffleboard court; or video game console(s) with a variety of games and a dedicated location accessible to all tenants to play such games (1 point);
- (xx) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points);
- (xxi) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (xxii) of this subparagraph is not selected; or
- (xxii) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (xxi) of this subparagraph is not selected;
- (xxiii) Sport Court (Tennis, Basketball or Volleyball) (2 points);
- (xxiv) Furnished and staffed Children's Activity Center that must have age appropriate furnishings and equipment. Appropriate levels of staffing must be provided during after-school hours and during school vacations (3 points);
- (xxv) Community Theater Room equipped with a 52 inch or larger screen with surround sound equipment; DVD player; and theater seating (3 points);

- (xxvi) Dog Park area that is fully enclosed and intended for tenant owned dogs to run off leash or a dog wash station with plumbing for hot and cold water connections and tub drainage (requires that the Development allow dogs) (1 point);
- (xxvii) Common area Wi-Fi (1 point);
- (xxviii) Twenty-four hour, seven days a week monitored camera/security system in each building (3 points);
- (xxix) Bicycle parking within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) and allows sufficient parking relative to the development size (1 point);
- (xxx) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points);
- (xxxi) Porte-cochere (1 point); and
- (xxxii) **Green Building Features.** Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Points may be selected from only one of four categories: Limited Green Amenities, Enterprise Green Communities, Leadership in Energy and Environmental Design (LEED), and ICC 700 National Green Building Standard. A Development may qualify for no more than four (4) points total under this clause. The items listed in subclauses (I) - (IV) of this clause constitute the minimum requirements for demonstrating green building of multifamily Developments.
 - (I) **Limited Green Amenities (2 points).** Six (6) of the twenty-two (22) items listed under items (-a-) - (-v-) of this subclause must be met in order to qualify for the maximum number of two (2) points under this subclause:
 - (-a-) a rain water harvesting/collection system and/or locally approved greywater collection system;
 - (-b-) newly installed native trees and plants installed that reduce irrigation requirements and are appropriate to the Development Site's soil and microclimate to allow for shading in the summer and heat gain in the winter. For Rehabilitation Developments this would be applicable to new landscaping planned as part of the scope of work;
 - (-c-) water-conserving fixtures that meet the EPA's WaterSense Label. Such fixtures must include low-flow or high efficiency toilets, bathroom lavatory faucets, and showerheads. Rehabilitation Developments may install WaterSense faucet aerators (minimum of 30% more efficient) instead of replacing the entire faucets;
 - (-d-) Energy-Star qualified hot water heaters or install those that are part of an overall Energy-Star efficient system;
 - (-e-) install individual or sub-metered utility meters for electric and water. Rehabilitation Developments may claim sub-meter only if not already sub-metered at the time of Application;
 - (-f-) healthy finish materials including the use of paints, stains, adhesives, and sealants consistent with the Green Seal 11 standard or other applicable Green Seal standard;
 - (-g-) install daylight sensor, motion sensors or timers on all exterior lighting and install fixtures that include automatic switching on timers or photocell controls for all lighting not intended for 24-hour operation or required for security;
 - (-h-) recycling service (includes providing a storage location and service for pick-up) provided throughout the Compliance Period;

- (-i-) construction waste management system provided by contractor that meets LEEDs minimum standards;
 - (-j-) for Rehabilitation Developments, clothes dryers vented to the outside;
 - (-k-) for Developments with 41 units or less, at least 25% by cost FSC certified salvaged wood products;
 - (-l-) locate water fixtures within 20 feet of hot water heater;
 - (-m-) drip irrigate at non-turf areas;
 - (-n-) radiant barrier decking for new construction Developments or “cool” roofing materials (documentation must be submitted that substantiates the “cool” roofing materials used are durable and that there are energy savings associated with them);
 - (-o-) permanent shading devices for windows with solar orientation (does not include solar screens, but may include permanent awnings, fixed overhangs, etc.);
 - (-p-) Energy-Star certified insulation products (For Rehabilitation Developments, this would require installation in all places where insulation could be installed, regardless of whether the area is part of the scope of work);
 - (-q-) full cavity spray foam insulation in walls;
 - (-r-) Energy-Star rated windows;
 - (-s-) FloorScore certified vinyl flooring, Green Label certified carpet, or resilient flooring;
 - (-t-) sprinkler system with rain sensors;
 - (-u-) NAUF (No Added Urea Formaldehyde) cabinets;
 - (-v-) Solar screens on all windows (north-facing windows may exclude solar screens if north-facing operable windows provide insect screens).
- (II) **Enterprise Green Communities** (4 points). The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. new construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at <http://www.greencommunitiesonline.org>.
- (III) **LEED** (4 points). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).
- (IV) **ICC 700 National Green Building Standard** (4 points). The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NAHB Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

FOR 2018-1 NOFA COMMON AMENITIES

An Owner can only count an amenity once; therefore combined functions (a library which is part of a community room) will only qualify for points under one category:

- (i) Full perimeter fencing that includes parking areas and all amenities (excludes guest or general public parking areas); (2 points);
- (ii) Controlled gate access for entrance and exit areas, intended to provide access that is limited to the Development's tenancy (2 points);
- (iii) Gazebo or covered pavilion w/sitting area (seating must be provided) (1 point);

- (iv) Accessible walking/jogging path separate from a sidewalk and in addition to required accessible routes to Units or other amenities (1 point);
- (v) Community laundry room with at least one washer and dryer for every 40 Units (3 points);
- (vi) Barbecue grill and picnic table with at least one of each for every 50 Units (1 point). Grill must be permanently installed (no portable grills);
- (vii) Swimming pool (3 points);
- (viii) Splash pad/water feature play area (1 point);
- (ix) Furnished fitness center. Equipped with a variety of fitness equipment that includes at least one of the following for every 40 Units: stationary bicycle, elliptical trainer, treadmill, rowing machine, universal gym, multi-functional weight bench, stair-climber, or other similar equipment. Equipment shall be commercial use grade or quality. Fitness center must be located indoors or be a designated room with climate control. (2 points);
- (x) Equipped business/computer center. Must be equipped with 1 computer for every 40 Units (maximum of 5 computers needed) loaded with basic applications/programs to enable email/internet access, word processing, Excel, etc., 1 laser printer per computer lab and at least one scanner which may be integrated with printer (2 points);
- (xi) Furnished Community room (2 points);
- (xii) Library with an accessible sitting area (separate from the community room) (1 point);
- (xiii) Enclosed community sun porch or covered community porch/patio (1 point);
- (xiv) Service provider office in addition to leasing offices (1 point);
- (xv) Regularly staffed service provider office in addition to leasing offices (3 points);
- (xvi) Activity Room stocked with supplies (Arts and Crafts, board games, etc.) (2 points);
- (xvii) Secured Entry (applicable only if all Unit entries are within the building's interior) (1 point);
- (xviii) Horseshoe pit; putting green; shuffleboard court; pool table; or video game console(s) with a variety of games and a dedicated location accessible to all tenants to play such games (1 point);
- (xix) Community Dining Room with full or warming kitchen furnished with adequate tables and seating (3 points);
- (xx) One Children's Playscape Equipped for 5 to 12 year olds, or one Tot Lot (2 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (xxi) of this subparagraph is not selected; or
- (xxi) Two Children's Playscapes Equipped for 5 to 12 year olds, two Tot Lots, or one of each (4 points). Must be covered with a shade canopy or awning, intended to keep equipment cool, provide shade and ultraviolet protection. Can only select this item if clause (xx) of this subparagraph is not selected;
- (xxii) Sport Court (Tennis, Basketball or Volleyball) (2 points);
- (xxiii) Furnished and staffed Children's Activity Center that must have age appropriate furnishings and equipment. Appropriate levels of staffing must be provided during after-school hours and during school vacations (3 points);
- (xxiv) Community Theater Room equipped with a 52 inch or larger screen or projection with surround sound equipment; DVD player or a streaming service at no cost to tenants; and theater seating (3 points);

- (xxv) Dog Park area that is fully enclosed (the perimeter fencing may be used for part of the enclosure) and intended for tenant owned dogs to run off leash (requires that the Development allow dogs) (1 point);
- (xxvi) Wi-Fi (with coverage throughout the clubhouse and/or community building) (1 point);
- (xxvii) Twenty-four hour, seven days a week monitored camera/security system in each building. Monitoring may be on-site or off-site. (3 points);
- (xxiii) Bicycle parking that allows for, at a minimum, 1 bicycle for every 5 Units, within reasonable proximity to each residential building that allows for bicycles to be secured with lock (lock not required to be provided to tenant) (1 point);
- (xxviii) Shaded rooftop or structural viewing deck of at least 500 square feet (2 points);
- (xxix) Porte-cochere (1 point); and
- (xxxi) **Green Building Features.** Points under this item are intended to promote energy and water conservation, operational savings and sustainable building practices. Points may be selected from only one of three categories: Enterprise Green Communities, Leadership in Energy and Environmental Design (LEED), and ICC 700 National Green Building Standard. A Development may qualify for no more than two (2) points total under this clause.
 - (I) **Enterprise Green Communities.** The Development must incorporate all mandatory and optional items applicable to the construction type (i.e. New Construction, Rehabilitation, etc.) as provided in the most recent version of the Enterprise Green Communities Criteria found at <http://www.greencommunitiesonline.org>.
 - (II) **LEED.** The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a LEED Certification, regardless of the rating level achieved (i.e., Certified, Silver, Gold or Platinum).
 - (III) **ICC 700 National Green Building Standard.** The Development must incorporate, at a minimum, all of the applicable criteria necessary to obtain a NAHB Green Certification, regardless of the rating level achieved (i.e. Bronze, Silver, Gold, or Emerald).

UNIT AMENITIES

The Development Owner must provide at a minimum ____ total points of “Unit Amenities” from the following list below. The Development Owner may change, from time to time, the amenities offered; however, the overall required points must remain the same.

- (i) Covered entries (0.5 point);
- (ii) Nine foot ceilings in living room and all bedrooms (at minimum) (0.5 point);
- (iii) Microwave ovens (0.5 point);
- (iv) Self-cleaning or continuous cleaning ovens (0.5 point);
- (v) Refrigerator with icemaker (0.5 point);
- (vi) Storage room or closet, of approximately 9 square feet or greater, separate from and in addition to bedroom, entryway or linen closets and which does not need to be in the Unit but must be on the property site (0.5 point);

- (vii) Energy-Star qualified laundry equipment (washers and dryers) for each individual Unit; must be front loading washer and dryer in required accessible Units (2 points);
- (viii) Covered patios or covered balconies (0.5 point);
- (ix) Covered parking (including garages) of at least one covered space per Unit (1.5 points);
- (x) 14 SEER HVAC (or greater) or for Rehabilitation (excluding Reconstruction) where such systems are not being replaced as part of the scope of work, a radiant barrier in the attic is provided (1.5 points);
- (xi) High Speed Internet service to all Units (can be wired or wireless; required equipment for either must be provided) (1 point);
- (xii) Built-in (recessed into the wall) computer nook (0.5 point);
- (xiii) Built-in (recessed into the wall) shelving unit (0.5 point);
- (xiv) Recessed or track LED lighting in kitchen and living areas (1 point);
- (xv) Thirty (30) year shingle or metal roofing (excludes Thermoplastic Polyolefin (TPO) roofing material) (0.5 point);
- (xvi) Greater than 30 percent stucco or masonry (includes stone, cultured stone, and brick but excludes cementitious and metal siding) on all building exteriors; the percentage calculation may exclude exterior glass entirely (2 points);
- (xvii) Breakfast Bar (a space, generally between the kitchen and dining area, that includes seating) (0.5 points); and
- (xviii) Walk-in closet in master bedroom (0.5 points).

[2018-1 NOFA Unit and Development Construction Features

Must list the amenities identified in the Application]

TENANT SUPPORTIVE SERVICES

The Development Owner must provide a minimum of [number] () points. The points selected and complete list of supportive services will be included in the LURA and the timeframe by which services are offered must be in accordance with §10.619 of this chapter (relating to Monitoring for Social Services) and maintained throughout the Affordability Period. The Owner may change, from time to time, the services offered; however, the overall points as selected at Application must remain the same. The services provided should be those that will directly benefit the Target Population of the Development. Tenants must be provided written notice of the elections made by the Development Owner. No fees may be charged to the tenants for any of the services, there must be adequate space for the intended services and services offered should be accessible to all (e.g. exercises classes must be offered in a manner that would enable a person with a disability to participate). Services must be provided on-site or transportation to those off-site services identified on the list must be provided. The same service may not be used for more than one scoring item. These services are intended to be provided by a qualified and reputable provider in the specified industry such that the experience and background of the provider demonstrates sufficient knowledge to be providing the service. In general, on-site leasing staff or property maintenance staff would not be considered a qualified provider. Where applicable, the services must be documented by a written agreement with the provider.

- (A) partnership with local law enforcement to provide quarterly on-site social and interactive activities intended to foster relationships with residents (such activities could include playing sports, having a cook-out, swimming, card games, etc.) (3 points);

- (B) weekday character building program (shall include at least on a monthly basis a curriculum based character building presentation on relevant topics, for example teen dating violence, drug prevention, bullying, teambuilding, internet/social media dangers, stranger danger, etc.) (2 points);
- (C) daily transportation such as bus passes, cab vouchers, specialized van on-site (4 points);
- (D) Food pantry consisting of an assortment of non-perishable food items and common household items (i.e. laundry detergent, toiletries, etc.) accessible to residents at least on a monthly basis or upon request by a tenant. While it is possible that transportation may be provided to a local food bank to meet the requirement of this tenant service, the tenant must not be required to pay for the items they receive at the food bank (1 point);
- (E) GED preparation classes (shall include an instructor providing on-site coursework and exam) (2 points);
- (F) English as a second language classes (shall include an instructor providing on-site coursework and exam) (1 point);
- (G) quarterly financial planning courses (i.e. homebuyer education, credit counseling, investing advice, retirement plans, etc.). Courses must be offered through an on-site instructor; a CD or online course is not acceptable (1 point);
- (H) annual health fair provided by a health care professional (1 point);
- (I) quarterly health and nutritional courses (1 point);
- (J) organized youth programs or other recreational activities such as games, movies or crafts offered by the Development (1 point);
- (K) scholastic tutoring (shall include daily (Monday-Thursday) homework help or other focus on academics) (3 points);
- (L) Notary Services during regular business hours (§2306.6710(b)(3)) (1 point);
- (M) weekly exercise classes (offered at times when most residents would be likely to attend) (2 points);
- (N) twice monthly arts, crafts, and other recreational activities (e.g. Book Clubs and creative writing classes) (2 points);
- (O) annual income tax preparation (offered by an income tax prep service) or IRS-certified VITA (Volunteer Income Tax Assistance) program (offered by a qualified individual) (1 point);
- (P) monthly transportation to community/social events such as mall trips, community theatre, bowling, organized tours, etc. (1 point);
- (Q) twice monthly on-site social events (i.e. potluck dinners, game night, sing-a-longs, movie nights, birthday parties, etc.) (1 point);
- (R) specific case management services offered by a qualified Owner or Developer, qualified provider or through external, contracted parties for seniors, Persons with Disabilities or Supportive Housing (2 points);
- (S) weekly home chore services (such as valet trash removal, assistance with recycling, furniture movement, etc., and quarterly preventative maintenance including light bulb replacement) for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);
- (T) any of the programs described under Title IV-A of the Social Security Act (42 U.S.C. §§601, et seq.) which enables children to be cared for in their homes or the homes of relatives; ends the dependence of needy families on government benefits by promoting job preparation, work and marriage; prevents and reduces the incidence of unplanned pregnancies; and encourages the formation and maintenance of two-parent families (1 point);

- (U) contracted career training and placement partnerships with local worksource offices, culinary programs, or vocational counseling services; also resident training programs that train and hire residents for job opportunities inside the development in areas like leasing, tenant services, maintenance, landscaping, or food and beverage operation (2 points);
- (V) external partnerships for provision of weekly substance abuse meetings at the Development Site (2 points);
- (W) contracted onsite occupational or physical therapy services for Elderly Developments or Developments where the service is provided for Persons with Disabilities and documentation to that effect can be provided for monitoring purposes (2 points);
- (X) a full-time resident services coordinator with a dedicated office space at the Development (2 points);
- (Y) a resident-run community garden with annual soil preparation and mulch provided by the Owner and access to water (1 point); and
- (Z) Development Sites located within a one mile radius of one of the following can also qualify for one (1) point provided they also have a referral process in place and provide transportation to and from the facility:
 - (i) Facility for treatment of alcohol and/or drug dependency;
 - (ii) Facility for treatment of PTSD and other significant psychiatric or psychological conditions;
 - (iii) Facility providing therapeutic and/or rehabilitative services relating to mobility, sight, speech, cognitive, or hearing impairments; or
 - (iv) Facility providing medical and/or psychological and/or psychiatric assistance for persons of limited financial means.

DEVELOPMENT OWNER:

_____, a _____

By: _____, a _____, its

By: _____
 _____, _____

Date: _____

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TAX CREDIT ASSISTANCE PROGRAM (TCAP) - REPAYMENT FUNDS
MULTIFAMILY DIRECT LOAN**

CONTRACT # 

**EXHIBIT A
Legal Description**

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TAX CREDIT ASSISTANCE PROGRAM (TCAP) - REPAYMENT FUNDS
MULTIFAMILY DIRECT LOAN**

CONTRACT # 

EXHIBIT B

Award Letter and Loan Term Sheet (including any and all amendments)

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS
TAX CREDIT ASSISTANCE PROGRAM (TCAP) - REPAYMENT FUNDS
MULTIFAMILY DIRECT LOAN**

CONTRACT # 

**EXHIBIT C
Credit Underwriting Report and Amended/Revised Reports**

[Insert TDHCA Underwriting Report]